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MARKETING PROCESS OF EXPERT SERVICES IN A PROJECT-ORIENTED COMPANY

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<p>This thesis revises the marketing process of a project-oriented company. The operating environment of this company has undergone several changes in the past five years, thus changing their way of working. As a consequence, the marketing process of the company requires revision.</p> <p>The development of the marketing process was completed in three stages. The first stage included a literature review on the theoretical questions as well as company archives. In the second stage, the current situation was mapped through interviews, case projects, and participant observation. The third stage included an analysis combining the theoretical views and empirical findings.</p> <p>Models of the multi-customer environment for the company were created for both the marine and offshore segments to clarify the customer requirements for the marketing model. The models indicated the sometimes scattered customer relationships in maritime projects as well as the differences in customer needs in both segments.</p> <p>The marketing process was analyzed on a company level as well as on a project level. The need to emphasize the development of the customer relationship during the project marketing process resulted in the creation of a new model for the project-level marketing process. The maintenance of the customer relationship during the stages independent of any project and after the project was problematic for the case company.</p> <p>Several organizational improvement possibilities were revealed in the analysis of the company-level marketing process. The fit between the marketing strategy and the actual marketing decisions was not always clear. This study suggests that the rest of the organization be more involved in the marketing process.</p>		
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List of Terms

AC	Air Conditioning
BI	Business Intelligence
CFU	Customer-Facing Unit
CRM	Customer Relationship Management
DP	Dynamic Positioning
DUC	Discontinuity, Uniqueness and Complexity
FPSO	Floating Production, Storage and Offloading vessel
GA	General Arrangement
KAM	Key Account Manager
PM	Project Manager / Project Management
SWOT	Strengths, Weaknesses, Opportunities, Threats
TK	Turn-Key

1 Introduction

The marketing process of the firm is an old concept that is introduced in most basic textbooks for marketing (e.g. see Kotler & Keller 2006, p. 60-61). The basics of the marketing process were introduced already in the 1950's and 60's and they have not changed much through the decades (ibid.). In the particular case that is being analyzed in this thesis the problem does not lie in the understanding the basics of the process, but rather in the application of the process to a special area of business and how to take into account the contextual factors of that business area, namely projects within the marine business.

Project business has been the source of much research during the past decades. However, project marketing has not been so extensively researched until in recent years. (Cova & Salle 2004, p. 1) The literature in project marketing has mainly concentrated on defining the factors that separate project marketing from traditional marketing. Also the project marketing phases have been researched. (Cova & Salle 2004, p. 2, 7-8) This work aims to add to the knowledge by introducing the specialized case of project marketing within the marine field for a specific company.

1.1 Background

The researched company is a Finnish based medium sized engineering company selling expert services within the marine market. In the last five years the company has underwent several changes. They are currently offering their services in the global market to a higher degree as opposed to having previously sold to a predominantly European and North American client base. The company has also developed their products and offering more towards a life-cycle approach, when in the past their projects covered smaller parts of ship design during a certain phase. Lastly a new customer segment, offshore, has been added to the existing one of shipbuilding and operation. The current turmoil in the global marine market is also driving the company to change their operational models.

Traditionally main projects for the company have been deliveries of drawings. Nowadays they are offering contracting and consulting services and the traditional drawings are offered through the network. The company has affiliated companies as well as subsidiaries in 5 different countries. Also sub-suppliers and partners are used from time to time. There is a shift towards 3D models instead of the traditional multi-layered drawings. The company sells their expert services as projects, which poses unique challenges for the marketing and sales function.

According to the company strategy the company should be known for its technological innovativeness in combining the most novel ideas in the market and offering them as new concepts to their customers. There is a strong consensus within the company management that the company needs to renew its offering at

an even faster pace. The company brand is known within the traditional marine market but to keep the services offered at the cutting edge, as in the past, the company needs to offer new innovations and reformulate their value proposition to their customers as the market trends change.

1.2 Research Questions and Objectives

Based on the description in the introduction the main research questions are:

What are the characteristics of an effective **marketing process for a project-based firm offering expert services in the marine business?**

What should the process look like on a **company level** and on a **project level**?

It should be possible to incorporate the process into the company strategy. The aim is that the special requirements for project marketing as well as marketing of expert services will be taken into account. The multi-customer aspect that is typical to the marine business will also be observed in the process. Multi-customer projects in the marine business refer to the fact that during a ship project a project supplying firm may have several customers, who may have conflicting needs. Models of the customer relationships in the marine business will be created.

The thesis will include a description of the current organizational process as well as theoretical implications to it and a project specific process description of the current process compared with the theoretical process. There will be a discussion on what the sales promotions and tools should look like as well as to some extent how the public relations and publicity could be handled within the given context. The application of relationship marketing in the effective process will also be addressed:

The assumption is that the effective process will take into account the specific needs of the market and customer segments that the company is active in. The discussion will cover both internal and external marketing. The following questions are also addressed.

How does the proposed process differ from that which the company has previously used?

1.3 Research Methods

The data collection was multi-faceted and included many data sources. The preliminary research method was literature studies. There is literature on project marketing globally, expert services and offering life-cycle services. This literature is reviewed shortly at the end of this introduction chapter. However, the special

requirements of the marine business including several parties as customers were not that well covered. The literature study also included a review of company documents and archives. The main aim of the literature studies was to identify possible modules for the effective marketing process. Once the theoretical background had been established, several qualitative methods were used. In the first stage of the research semi-structured in-depth interviews with company representatives were conducted to determine the needs of various customer types within the segments as well as information on the markets, customers and products. The interviews were also used to identify specific customers' requirements and how the company currently approaches them. For interview questionnaire for stage one, see Appendix 1.

The information regarding the customer types was mainly gathered by means of interviews although company material such as brochures, memos, internal presentations and other material in the company intranet and databases were also reviewed. The interviewees were chosen based on the recommendations of the management of the case company so that there were all in all 15 interviews for stage one. For a list on the interviewees' titles in the company and interview dates, see Appendix 3. The interviews were conducted as semi-structured interviews so that the interviewer encouraged the interviewees to discuss the subjects in the questionnaire and then observed that all the subjects were covered in the discussions. The interviews were tape recorded and analyzed. During the later interviews answers began to be repeated and not much new information emerged indicating an appropriate level of data saturation.

Marketing models for the segments as well as individual customer types are proposed in Chapter 3 based on the information from the literature studies and the interviews. The models include an analysis of the value proposal as well as various promotional strategies and tools. The current process was determined through case studies on four separate projects to different customers (in most of the cases there were multiple customers involved in each project) in the second stage of the research. The methodology on the case studies will be described in more detail later, but it was based on collecting information on the cases through both interviews and company internal material. The purpose of the case studies was to determine the current process and then compare it for some of the selected customer types to the proposed marketing process. The case methodology will be described in more detail in Chapter 4.1.

In Chapter 5 where the current situation is compared to the proposed theoretical models, the researcher will also draw from her own observations of the company. As the researcher has participated in various management as well as marketing and sales meetings, the data from those meetings has been collected through participant observation. The observations were a valuable addition to the other collected data. As a participant observer one is often immersed in the research subject, and special care has been taken to validate the observation so that they

e.g. are discussed with people not involved in the situations and the analysis has been verified through discussions with several people within the case company.

The research approach was inspired by grounded theory, where the qualitatively collected data is the starting point. The collected material, mainly the interview data, was analyzed and sorted to stimulate the forming of concepts, which can be used to create the process. However, this research process was not totally averse to quantitative data and the previously completed literature review certainly guided the interviews. Therefore it cannot be said that the process would have been created through a pure grounded theory approach. Such a mixed approach, however, suited the purpose of the work well, as the creation of a company-specific process should indeed be rooted in the company itself, hence the grounded theory inspiration. In order to make the process more efficient, previous theories were consulted and applied when the research data indicated that it would be wise.

1.4 *Scope of the Study*

The research perspective is that of a project supplier firm delivering expert services in the marine market. Although a marketing process can involve many partners such as customer and supply networks, this thesis mentions the roles of the other parties only when it is relevant for the case company that provides the focus. The research is therefore limited to only this particular type of company and generalizations outside that scope may prove unfitting. Projects and project marketing as well as expert services, as relevant theoretical frameworks, will be shortly introduced in the following Chapters.

As the study aims at creating and/or describing the marketing process, only the contextual factors that are considered relevant for those purposes are surveyed. Special emphasis is given to concrete marketing choices and procedures for the purpose of usability of the study. Cultural and geographical factors will not be the focus of the study. The discussion will not include company strategy creation except when it is necessary for the presentation of the various aspects of the marketing process. The segments of the case company are considered given as a result of the company strategy process.

The four cases that are used to validate the process are limited in their nature, but as they try to cover several typical contract types for the case company, they should provide a good point of verification.

To understand the theories that are presented, a short introduction to projects and project marketing as well as expert services in relation to the case company is needed. Short introductions are supplied in the following Chapters 1.5 - 1.7.

1.5 A Short Introduction to Projects

A project is defined as:

"A complex transaction covering a package of products, services and work, specifically designed to create capital assets that produce benefits for a buyer over an extended period of time (Cova et al. 2002, p. 3)."

Project business again is defined as:

"Project business is the part of business that relates directly or indirectly to projects, with a purpose to achieve objectives of a firm or several firms (Artto & Wikström 2005, p. 351)."

The context of this work is that the case company delivers projects that usually are a part of larger projects. The company is therefore a part of project business and the objectives of the other firms that are involved in the projects affect the case company's own project and marketing to a great extent.

Theories regarding project marketing are presented and reviewed below.

1.6 Introduction to Project Marketing

To start the analysis, some special features and the theory of project marketing are presented. Project marketing differs from marketing of customer goods in many ways. In project marketing there is a high level of uncertainty regarding the product and all aspects relating to it. As a matter of fact most things regarding the delivery are not determined until the sales negotiations and some even thereafter, during project execution. Another important aspect in project marketing is the importance of relations both towards the customers and other actors in the milieu. The milieu consists of the market in which the company is active. It can be defined as a socio-spatial entity, which is geographically bound and in it the exchanges of both business and non-business actors are to a degree interconnected with each other. (Cova & Salle 2004, p. 11-12, Skaates et al. 2002, p. 392) The concept of milieu has been introduced to project marketing because there is no continuity in deliveries. It might be that a customer places an order only once during its lifetime. Also it is quite normal that customers who make repurchases do that with long intervals in between as the financial commitment is often large. The complexity of projects adds to the challenge of marketing and selling them. It might be necessary to involve other actors in the supplier network with the sales process, as there is no possibility to be knowledgeable on all aspects of the project. The characteristics of project business, which were just described (Discontinuity, Uniqueness and Complexity), are also known as the DUC factors. (Cova & Hoskins 1997, p. 546-547, Cova et al. 2002, p. 13-21, 77-78, Welch 2005, p. 290)

While project-based firms are similar in many ways as described previously, they also vary in some respects. The number of projects taken can vary from one project

that will last several years or even decades to several projects during weeks or months. The determining factor of course is the type of project. In the case company simpler projects may last only weeks and multiple such projects can be performed during a year, whereas a more complex project can last for more than a year and at peak loads tie most of the personnel of the company as well as their sub-supplier network. Market uncertainty of the output of the project and customization may also vary. For the case company their products are always to some extent customized although there is not a high uncertainty regarding the outputs. Another aspect where projects vary is technical uncertainty in achieving the purposes of the project, but in the marine market the uncertainty is usually on a low level except for new products. (Whitley 2006, p. 79)

The definition of a project was given previously (see p. 5). Figure 1 presents one view of the project flow. The phases of the project are given in the order that they are normally executed. According to Cova et al. (2002, p. 11) the tinted area is the area where marketing and sales occur. Traditionally, **invitation to tender** has been one of the phases where marketers have concentrated their efforts. However, according to studies the supplier that takes an interest in the project only at the time of the invitation to tender has very low chances of being awarded the project. Therefore researchers have defined another set of phases that are interesting when it comes to project marketing. (Cova et al. 2002, p. 33-34) These phases are depicted in Figure 2.

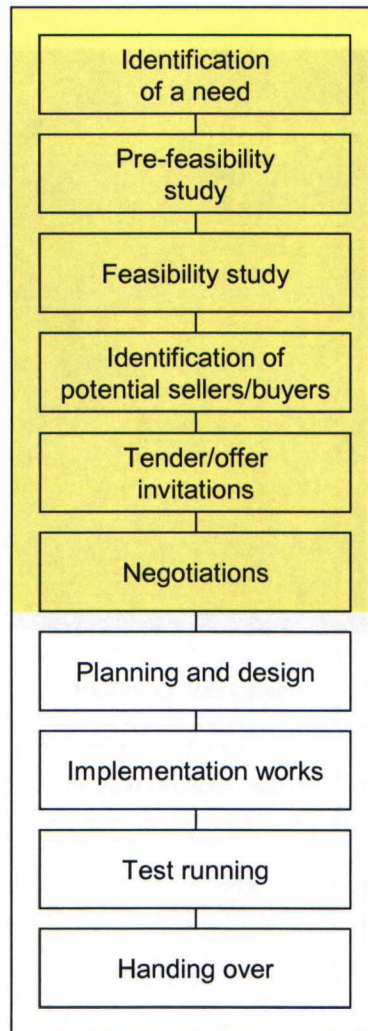


Figure 1 Project components in a traditional project. (Cova et al. 2002, p. 11)

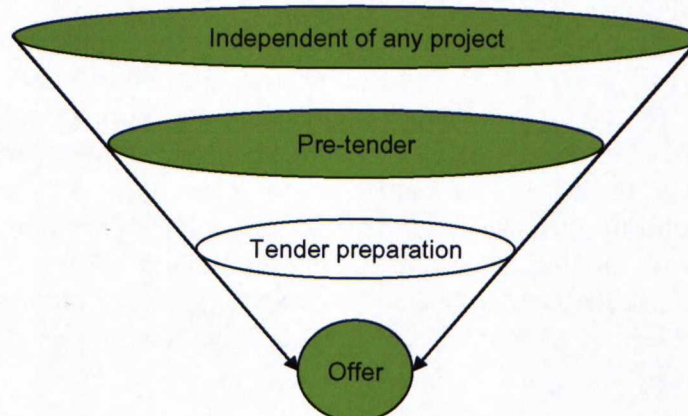


Figure 2 The three periods of marketing. (Cova et al. 2002, p. 34)

In the first stage that is **independent of any project** no project yet exists. During the **pre-tender** stage the company has got word of or otherwise detected a possible project. The company needs to consider whether to make investments into trying to

obtain the project. During the stage of **tender preparation** the project already exists officially and there has probably been an invitation to tender or some other indication by the customer, asking the supplier to make an offer. When the project is deemed to be interesting enough an **offer** is prepared and placed in the hands of the customer. (Cova et al. 2002, p. 34-35)

The project marketing process described by Cova et al. (2002, p. 53) is interesting in that it separates the two approaches of project marketing: the deterministic and the constructivistic approaches. The **deterministic approach** aims at anticipating projects that will appear in the market by scanning for them in the milieu. The scanning can happen through contacts with key actors or customers or both. The main idea is to anticipate the rules of the game as early as possible and be prepared to fulfill the customer's requirements. The **constructivist approach** again builds on a configuration where the supplier is an active partner in elaborating the project together with the customer. A close relationship with the customer may enable the supplier to create a creative offering in such a way that outsiders will find it extremely hard if not impossible to bid on the project. Both approaches aim at building a continuation into the customer relationship. (Cova & Salle 2004, p. 2-3, Cova & Hoskins 1997, p. 547) Many project companies use both approaches. The choice of approach may depend on the approach that the customer has chosen, behavioral norms within the project context or the contractor's position within the project hierarchy. (Cova & Hoskins 1997, p. 548)

The project marketing process is described in Figure 3. The process described in the figure also includes the sales phase in addition to the marketing phase. Because the process is rather project focused it is not necessarily as such a description of what a marketing process for a company should look like. As can be seen in Figure 3 the marketing process starts with the strategic priorities defined in the company **strategy**. In the **independent of any project** phase the company is forced to develop different capabilities in order to adapt to new projects rather than merely anticipate them. On the **functional development** side the company will aim at developing their offer, which consists of the core-offer and external offer so that it will be aligned with potential projects. On the **relational development** side relationships are created to customers and within the milieu in order to make early detection of projects possible. During the **pre-tender** phase potential projects are screened so that project opportunities can be prioritized and project development is started. The **tender preparation** again includes the phases of preparing one or several offers for the project, negotiating and finally if the negotiations are successful the signing of a contract. (Cova et al. 2002, p. 53, Cova & Salle 2004, p. 3-4, Cova & Hoskins 1997, p.551-555)

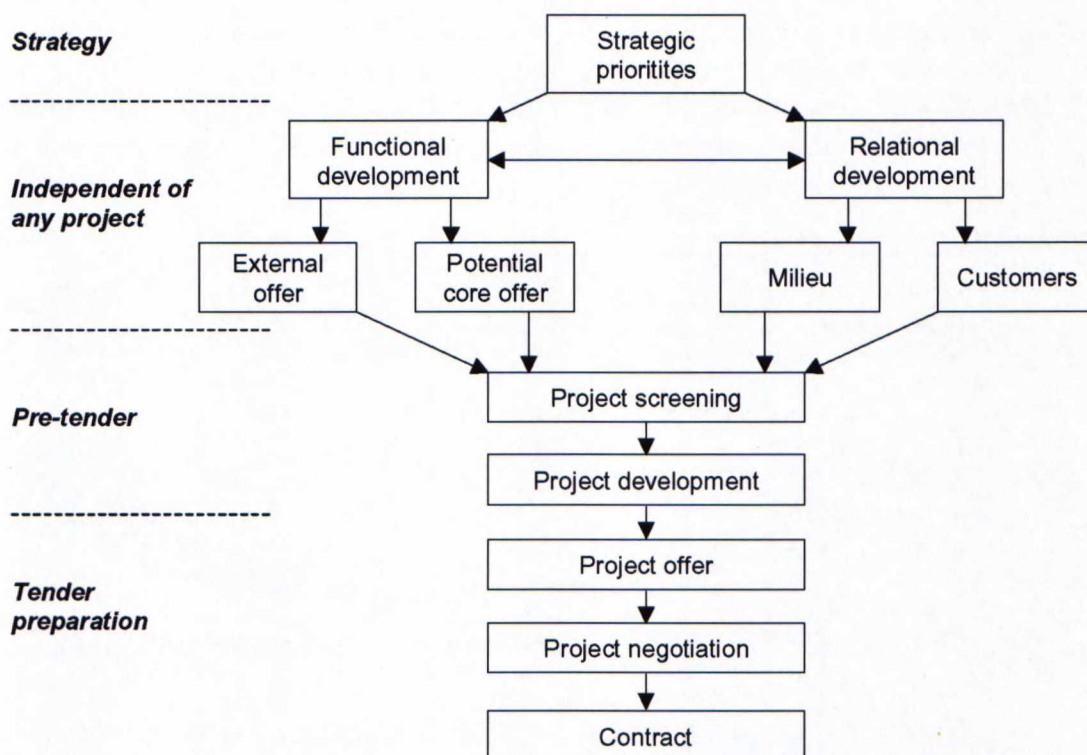


Figure 3 The project marketing process. (Cova et al. 2002, p. 53)

Cova & Salle (2004, p. 7-10) describe how the view of the three periods of project marketing combine the project management view on projects with that of project marketing. They add a fourth phase after independent of any project, pre-tender and tender preparation, namely **project completion**. From a project marketing point of view this addition is actually crucial as much of the marketing also happens within projects.

Another phase could and should still be added to the time frame. It would seem that independent of any project would include the stage after project completion. However, **after project completion** is a very different phase from that of independent of any project as there has in deed been a project quite recently. The effects of the project are most visible right after its completion and the reference for eventual future sales is created during this phase. Reclamations occur mostly at this stage and the project delivering firm is required to deal with them. A successful sale of a new project is often dependent of past success in project management and timely implementation of high-quality projects (Tikkanen et al. 2009, p. 4). This reference is based on an actual experience instead of hear say. All these phases of the project should probably be considered as important parts in the marketing process, however, it could be that the after project phase is the most important.

It could be that Cova & Salle (2004, p. 7-10) do not enhance the marketing during and after the project, because their research material has mainly consisted of larger

projects where the period between projects could last up to ten years. For the case company of this survey the projects are more frequently reoccurring. For a view on the relevant time frame created for this work see Figure 4. The cycle naturally returns to the phase independent of any project slowly as the memory of earlier project or projects is fading.

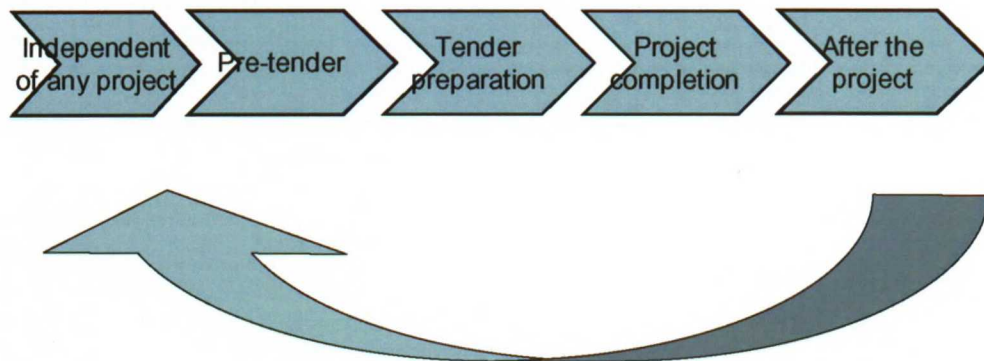


Figure 4 The project marketing cycle. (Adapted from Cova & Salle 2004, p. 10)

In order to define the phases included in a project's marketing process, a distinction needs to be made between project marketing and sales. In consumer goods the difference between sales and marketing is maybe more clear. In projects it can be seen so that marketing slowly changes into sales through tender preparation as is shown in Figure 3. However, marketing activities might take place in a project marketing process much later too. As the customers are very much the same from one project to another it is not easy to separate the marketing and sales activities. This work will take the approach that marketing activities may take place at any stage of the project but they can be seen as **sales activities** if they are directed at or aimed at a certain given project. **Marketing activities** are not aimed at any existing projects but rather at increasing the business volume with a specific customer, customer group or even within a business area.

1.7 A Description of Expert Services with Reference to the Case Company

A company of this type delivers services. According to marketing researchers services are **intangible** as well as **inseparable** meaning that they cannot be disassociated from the seller and are also often created and consumed at the same time. The fact that services are seen as **heterogeneous** means that they are difficult to standardize as each service delivery gets unique characteristics from the specifics of the delivery. Services are **perishable** and as the demand is fluctuating, production planning is of high importance. (Boyt & Harvey 1997, p. 294) Kotler and Keller (2006, p. 388) distinguish broadly between two types of services namely maintenance and repair and business advisory services. Boyt & Harvey (1997, p. 294-298) have developed a classification system for industrial services. They use the following characteristics of industrial services in their classification system:

Replacement rate, essentiality, risk level, complexity, personal delivery and credence properties of the service to the customer. The meaning of the other characteristics is rather self evident but credence properties refers to such characteristics that make an industrial service difficult to understand. Based on the above mentioned characteristics Boyt & Harvey divide industrial services into three categories. For the service categories, see Table 1. The categories are: Elementary services with high replacement rates and low essentiality as well as complexity, Intermediate services and Intricate services with high complexity and credence properties.

Table 1 Industrial service classification. (Boyt & Harvey 1997, p. 295)

Service Characteristics	Service categories		
	Elementary service	Intermediate service	Intricate service
Replacement rate	High	Medium	Low
Essentiality	Low	Medium	High
Complexity	Low	Medium	High
Personal delivery	Low	Medium	High
Credence properties	Low	Medium	High

The case company is mainly offering services that are comparable with business advisory, namely consulting services. Their services fit all three categories to some degree depending on the service type. Detail design could be likened to elementary services, basic design to intermediate services and concept design to intricate services although not all characteristics, such as replacement rate or essentiality match. As the company has widened their scope to include contracting services, they have approached the so called “hardware” of the service business, where physical products other than drawings are handled too.

Contracting services comprise of contract management, engineering and consulting services for the entire life cycle of a marine structure. This type of product exemplifies the move to service-dominant business logic in the case company. The service-dominant business logic includes concepts such as the offering being a solution, co-creation of value with the customer and involvement of a supply network in the delivery process (Cova & Salle 2008, p. 271). Contracting services are an example of systems integration. Systems integration concerns itself with the “way in which firms and other agents bring together high technology components, subsystems, software, skills, knowledge, engineers, managers and technicians to produce a product in competition with other suppliers.” (Hobday et al. 2005, p. 1110) The importance of systems integration grows as the complexity of the product increases and a project for a marine construction is a very complex product. In offering systems integration to its customer the company is taking advantage of its technological base and credibility in the market.

According to Whitley (2006, p. 81-84) project-based firms can be classified firstly based on the singularity of their outputs and secondly based on the separation and stability of the work roles. Highly singular project-based firms carry out only few or maybe just one project at a time and the projects carried out by the firm differ from each other greatly. In some project-based firms the roles of the employees tend to stay the same regardless of the project whereas in other companies the roles may differ from one project to another. Whitley (Ibid., p. 84) developed a classification system for project-based firms based on these features. The classification system can be seen in Table 2.

Table 2 Types of project based firms. (Whitley 2006, p. 84)

Separation and stability of work roles	Singularity of goals and outputs	
	Low	High
Low	<i>Organizational</i> PBFs producing multiple and varied outputs with different and changeable skills and roles. For example, strategic consultancy, enterprise software, innovative business services	<i>Precarious</i> PBFs producing risky, unusual outputs with varied and changeable skills and roles. For example, some dedicated biotechnology firms, internet software firms such as Vermeer Technologies, many Silicon Valley companies
High	<i>Craft</i> PBFs producing multiple, incrementally related outputs with distinct and stable roles and skills. For example, some business and professional services including London advertising firms, Danish furniture and machinery firms, some IT consulting	<i>Hollow</i> PBFs producing single outputs and coordinating tasks through standardized, separate and stable roles and skills. For example, complex construction projects, many feature films in the United Kingdom and United States of America

Based on this classification system, the case company in this thesis could be classified as a craft type project-based firm. The employees are specialized and have to a degree stable roles and the company produces many projects, some of which are of similar types. As the employees are specialized in different disciplines and highly trained, the company can be considered to deliver expert services. These kinds of companies are often built around the skilled workforce (Whitley 2006, p. 84). When skill-based identities remain the same through several projects, project teams can be assembled rather quickly. (Ibid, p. 82) According to Whitley (2006, p. 90) this type of company is associated with low client involvement, as the expertise exists in the various roles within the company.

Wikström et al. (2009, p. 120) have made an effort to understand the business logic of services in project-based firms. They positioned companies based on the degree of complexity of the core project delivery and the company's degree of maturity in delivering services. Based on the typology, the companies' business logics were divided into four types of business logics: Business dominant with a high degree of complexity as well as maturity, innovation and technology dominant with a high degree of complexity but low degree of maturity, product dominant with a low degree of complexity and maturity and finally service dominant with a high degree of maturity but a low degree of complexity. To see the typology see Figure 5. According to Wikström et al. (ibid, p. 121) management consultancies or engineering firms are good examples of service driven business logic. In order to enhance the scope of their deliveries they should move towards more complex core projects.

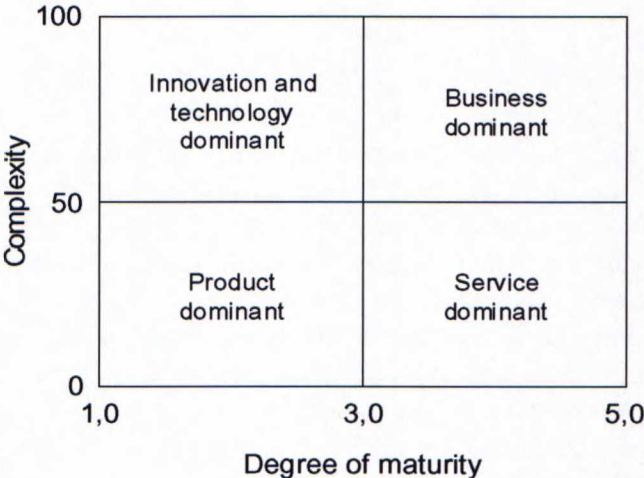


Figure 5 A typology of four types of business logic in project-based firms. (Wikström et al. 2009, p. 120)

The products and services of the case company are very knowledge intensive, as the company offers expert services. Transferring knowledge between organizations is difficult even if it is done frequently. Knowledge can be transferred via knowledge reservoirs such as reports and drawings and through communication or training. Gathering and storing knowledge created in earlier projects is difficult. The knowledge management capacity of the case company becomes crucial when the company should convince the customer to accept innovative technology. (Lehtimäki et al. 2009, p. 3) The effect of knowledge management on marketing will be discussed in more detail in Chapter 3.1. In the following chapter the company specific context for the process will be presented.

2 The Relevant Context of the Case Company: Maritime Business with Multiple Customers

As the main goal of the thesis is to create a marketing process for a project firm offering expert services in the marine business, it is quite reasonable to assume that the attributes, by which the company is described, somehow create a unique problem area. Therefore, before the actual process definition, some research will be conducted regarding the unique features of this case. According to existing research there are three dimensions to a supplier's project context in international projects. The first dimension, buyer needs; the needs of the various customer types, how they vary in terms of their complexity and the degree of individualization will be addressed in Chapters 2.2 and 2.3.

The second dimension relates to networks. Expert services are often offered as solutions in business networks. In projects both buyers and sellers are often multiple organizations creating networks. A characteristic of project marketing networks is the degree of institutionalization, meaning how commonly the "rules of the game" are accepted and acted upon. (Welch 2005, p. 291) There are many factors that influence a contractor's network position such as attitudes and competitors. However, it should not be forgotten that the relationship-building skills of a company's personnel are a key factor in increasing the strength of the network position. (Cova & Hoskins 1997, p. 555) According to Grönroos (2004, p. 101) successful marketing requires joint relationship management in the network. Sometimes many parties such as sub-suppliers, partners, financing institutions and the customers of the supplier's customers need to be involved in the process as facilitators. The networks in the business areas are described to some extent in the following chapters as well.

The theories and business logic behind expert services were introduced in Chapter 1.7 to clarify the requirements this kind of offering might present to the marketing process. The final context mentioned in previous research is the country environment, which can deviate in terms of risk levels, cultural distance, legal requirements or purchasing behavior. Most parts of this context, however, are outside the scope of this work. (Welch 2005, p. 291) As the survey relates to marketing, the customers themselves take center stage in creating the context. The customer types and their relations to each other and the supplier in the segments that the case company has chosen to be active in are determining factors regarding both customer needs and the networks and are thus presented. The marine business generally is defined as including: building, overhauls and reconditioning of vessels or facilities at sea as well as operation of the before mentioned units and all activities, products and services related to these. As the scope of the work is the specific case company, not all areas of the marine business are included in the scope of this survey.

One of the specialties of the marine business is the multi-customer aspect that is prevalent in many marine projects. This means that an expert company like the case company in this setting can have several customers during the life time of a ship project. The customers may be interrelated so that they are customers of each other or partners or even competitors. The challenges relating to the multi-customer relationships are addressed in the following presentation.

2.1 Challenges Introduced by the Multi-Customer Context

The movement of companies towards a service-dominant business logic means that solutions are co-created by the customer and the supplier (Cova & Salle 2008, p. 271). E.g. a ship concept can be created by means of joint idea generation between the engineering company and the customer. The engineering company may offer their knowledge of hydrodynamics and other ship technology related issues, whereas the ship owner may provide insights into the earning capacity of various features. For the marine market, where the case company is active the customer consists of a customer network, where the actual paying customer may change during the same project. Trying to create value to the customer or customers, the suppliers are moving downstream to the customers and this normally results in customer-centric business logic as well (Davies 2004, p. 731, 733). However, this is problematic in the marine customer networks, as the customer companies involved in the project may have very different business logics. Different companies with different business logics are the paying customers of an engineering company that offers the full range of products for the customers. In conflict situations the co-creation may be difficult.

It is only recently that the issue of inter-firm projects has received greater interest among project researchers (Artto et al. 2008, p. 89). The network approach has increased the interest of project marketing researchers in issues such as relational positions of the actors, mutual interrelationships of the network parties as well as importance and benefits of inter-organizational relationships. Artto et al. (ibid., p. 91-92) suggest that business actors that have in the past, are currently or could in the future be involved in mutual business activities in projects create a project business network. The parties in any given project network have short-term interactions with each other that might be overshadowed by the long-term relationships in the project business network. The problem of the project business network relationships is the vague nature of the relationship added with possible conflicting interests between the parties. An engineering company, of the type that the case firm represents, has an especially ambiguous position in the marine project business network as they may have business relations with practically all of the parties in a given project network. Many of the relationships of the case firm within the business network are characterized by being both competitive and cooperative.

These types of network relationships are called co-opetitive relationships (ibid., p. 94).

Segmentation is a way to understand diversity in the marketplace within the company strategy. Activities can be grouped according to customer groups, alternative technologies or customer functions or applications. Through grouping similar activities it is possible to find activities that may have identical key factors for success. (Cova et al. 2002, p. 60) In the case company it was observed that the activities in the offshore field and especially the FPSO (floating production, storage and offloading vessel) market require rather similar competencies to those in the marine field. The company strategy was altered to incorporate this new segment in addition to the existing marine segment. The case company's two chosen segments: Marine and Offshore business, are presented separately, as the customer relationships and networks differ between the two segments.

The following presentations of customer groups are based on semi-structured interviews with company employees. The interviews focused on questions such as the customer's strategies and preferences, industry dominant logic (generally accepted ways of doing business) and the competitive situation as well as marketing practices and methods. For the questionnaire, that was loosely followed, see Appendix 1.

2.2 A Description of the Marine Segment and the Actors in the Segment

One of the main problems for the suppliers in the marine business is to manage two strong customer relationships simultaneously. The ship owners and yards often have conflicting interests. (Haikkola 1997, p. 44, Wikström et al. 2009, p. 121) The ship owners wish to have good availability of their fleet, which translates into the requirement of good quality. The shipyards again wish to have the ship finished as soon as possible and at a good profit. Thus their wish is to buy work or equipment to as low a cost as possible and sell it at as good a profit as possible. (Haikkola 1997, p. 60-61) According to Ulaga & Chacour (2001, p. 530) the customer-perceived value is the difference between the benefits that are called quality-related and sacrifices that are price-related. In the most extreme cases the deliveries to a ship project can be seen as benefits by one party and sacrifices by the other party. In reality the case is hardly ever this black and white, but a certain conflict of interest definitely exists between some of the customers. As Tikkanen et al. (2009, p. 10) note, in a project marketing setting the traditional dyadic competitor interaction is replaced by a more holistic behavioral interaction between companies and their stakeholders.

The marine segment in the case company consists of the businesses of planning, designing, building, operating and scrapping of vessels that either transport people or material by sea or work at sea (e.g. dredgers). There are multiple parties in this business field but the model for the case company deals with only three major customer types: ship owners, shipyards and suppliers. This division leaves out at least the financiers of the business and classification societies (although they can be seen as suppliers of sorts). The reason why only these customer types are observed is the fact that they are the main customer types for the case company. When looking at marine business from a project or life-cycle perspective, all these parties have a role in the life of a ship project. Sometimes they are each others' customers, as for example the ship owners, when they order a ship from the shipyard. On other occasions they may form chains of customers, which are also called supplier networks.

In Figure 6 below the actors in a marine project (e.g. ship project) are described for the purposes of this study. The figure is a simplified version in the sense that there are almost always several suppliers and there are sometimes several owners during a lifetime of a ship etc. All actor types are described by merely one symbol. There might also be other actors that are not visible in the presentation but the model aims at capturing the most essential ones. The relations between the actors have not been specified. All relations are two-way as the need for exchange is in both directions. The item of exchange might be information, product/products, money or something else. The picture presents a life-cycle view of the result of the project, the marine structure. The phases in the figure are the ones that the case company internally uses to describe the phases in the life-cycle: Concept development, where the product is developed, Construction and engineering where it is built and finally Operations support for life-time of the product until it is scrapped.

The thicker arrows running along the project that are interlinked with the actors indicate during which phase a particular actor is involved with the project. Also these timelines are only normative as for example shipyards along with some of the suppliers have increasingly started to offer so called life-cycle services to the customers. In this respect the figure might be misleading as engineering companies generally (even the case company included) have not always managed to participate in the project during its entire life-cycle. However, some engineering company, if not the same one, is likely to get business from the ship during its lifetime. As can be seen from the picture, the engineering companies interact with almost all of the parties directly. There are also usually several engineering companies involved in one project and the relationships between them can be characterized as either competitive and/or cooperative. Classification societies are seldom direct customers of the engineering companies in the marine market, but owners that also might be operators are important customers to an engineering company as well as shipyards. Suppliers also turn to engineering companies from time to time. These three customer types (ship owners, shipyards and suppliers) will be addressed more in detail in the following presentation.

Engineering companies may actually be customers to other engineering companies themselves. This could be the case when engineering services are offered by a network of experts, where one engineering company does most of the marketing and takes the lead in the customer interface and other companies are merely capacity providers. The case company functions as a network leader and has its own network of other engineering companies around the world. As the context and customers are seen from the point of view of the case company, the engineering companies are not separately addressed at this stage. The network is presented in more detail in Chapter 3.3.2.2 that presents the theory around networks.

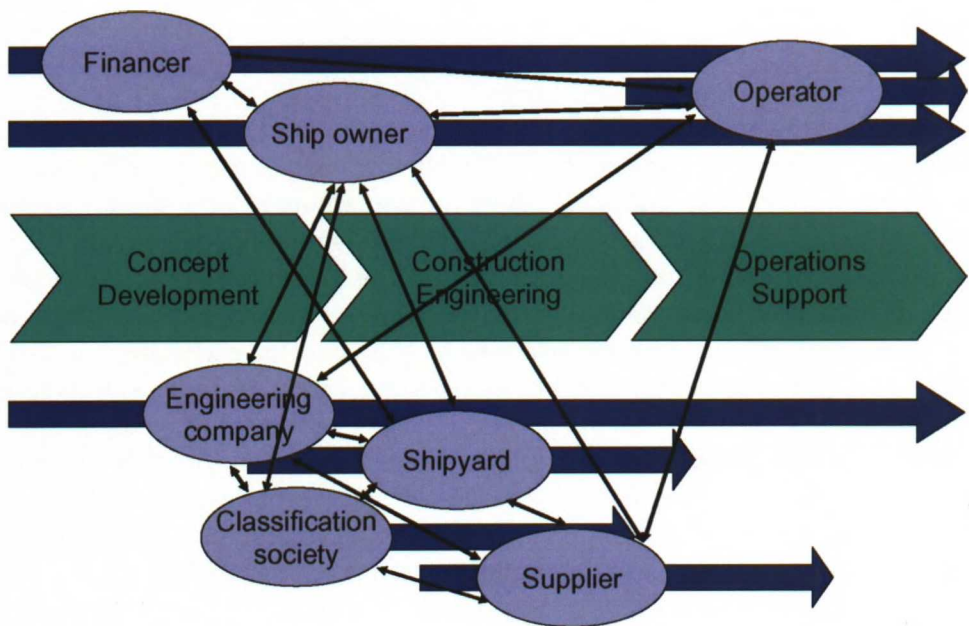


Figure 6 The marine multi-customer model.

2.2.1 Ship Owners

Ship owners can be involved in the shipping business to varying degrees. There are owners who basically only function as financers of a fleet and others who consider the operating of the fleet as their main business. The operators are involved with the ship for the duration of its entire life-cycle with possible exceptions being either the concept development phase or the construction and engineering phase or both. Much of what is said of the owners is applicable to operators as well, as both the operators' and the owners' business depends on the money making capacity and the pay-back times of the investment. According to the interviews and earlier studies (Haikkola 1997, p. 60-63) for ship owners their basic need is to have the fleet to bring as good a profit as possible. This translates into requests for reliability, low cost of usage and the suitability of the vessel for its purpose or several purposes

in some cases. All in all the quality of the ship solution as well as the ship itself are of high importance to the ship owner.

The owners are tempting customers for an engineering company. Firstly, they are usually **involved during the entire life cycle of the vessel**. This means that the owners will initiate conceptual development of a vessel and may award it entirely or partially to an engineering company or a shipyard. During the construction phase the control is usually transferred to a shipyard but during the lifetime of a vessel there are numerous possibilities for upgrades and conversions. The vessel might need to be converted to a totally different purpose again offering more job opportunities for an engineering company. Even if an owner has their own technical staff, which many ship owners lack today, it is rarely enough to cover the work needed for new-buildings or conversions. The second reason why owners are interesting as customers is related to the **conceptual development** phase. The specification for a future vessel is created at this stage and this gives the engineering company the possibility to create the specification in a way that will make them strong competitors for offering the basic and detail design to the shipyard. The competitive advantage is twofold. On one hand the engineering company will know the specifics of the vessel, having created them themselves. On the other hand the engineering company can build aspects into the specification that can only be designed by a few suppliers themselves included. The third advantage that the owners have as clients lies in their nature. Ship owners often have **low technological knowledge regarding the services an engineering company can offer** creating a natural knowledge gap, which enables the engineering company to create a more lasting partnership with the customer (Helander & Möller 2007, p. 727). The long life-cycle of the product, namely vessels of various kinds supports this approach. A trusted engineering company that is well acquainted with the strategy of the ship owner may provide added value to the fleet in any market situation.

2.2.2 Shipyards

The shipyards are the hosts and usually also the main contractors for the largest project during the life-cycle of the vessel. The construction of a vessel is a project that starts already before any contract of building the vessel has been secured by the shipyard. Based on the owner's specification the shipyard will create their own specification and conceptual design, which will be a part of the contractual documents if a contract is signed. The documentation created at this stage varies from one ship type to another and some shipyards have focused on making standard vessels of some type and therefore often use standard GAs (general arrangement) and specification. Normally at this stage the shipyards that create their own concepts will not use outside assistance as the sales phase is delicate and seen as a core competence. These shipyards might commission a study regarding some new technological concept in the vessel they are offering during this phase but otherwise there is not much room for outside suppliers. On the other hand the

shipyards building standard vessels create only a building strategy to a design made elsewhere, and they may involve the engineering company that has made the design of the standard vessel in their sales efforts. The standard vessels are more often made in the Far East whereas European shipyards still mostly create tailor-made concepts for their customers. Regarding the Far Eastern shipyards there is a difference in approach, the Korean and Japanese shipyards mostly create the standard concept themselves whereas Chinese shipyards buy ready made standard concepts.

The degree of outsourcing is different from one shipyard to another. Generally European shipyards use more supply networks for the duration of the project whereas shipyards in the Far East tend to have the engineering in house. Even the Far Eastern shipyards need to buy the design from other sources if the product is complicated or of a very different type from the ones they have previously made. When the shipbuilding contract has been awarded, the ship owner is the shipyard's customer. The basic need of the shipyard is to build the vessel as cost effectively as possible and within the time limits (which also are tied to the cost). The shipyards need to make a profit of each of their projects and that is their main governing principle. According to several studies (Ahola et al. 2008, p. 91, Haikkola 1997, p. 61-64) when the shipyards choose suppliers, price is their most important criteria. They prioritize short-term value, which sometimes leads to neglecting long-term criteria. This focus on price makes shipyards challenging customers.

After the building contract the shipyard creating the concept themselves needs to create a more detailed design of the vessel for classification purposes as well as for their own needs. This design is sometimes called basic design. Once the basic design has been created it needs to be refined further into detail design where the production at the shipyard is planned in detail. After the production the drawings and lists sometimes need to be updated to an as-built status. For the shipyards building standard ships the approach is different. The earlier design phases are bought and the shipyard merely designs the building strategy. Therefore the process and the roles of the actors may vary from one shipyard to another. From an engineering company's point of view it is appropriate to divide the design phases so that the more creative earlier phases, where the ship's structure and solutions are defined, are separated from the phase where the design is merely transferred to detailed documentation. This detailed design can be directly programmed into the production machines or otherwise give instructions to the construction of the vessel. Nowadays the detail design is considered a bulk product and can according to the interviews in the European shipyards' opinion be bought anywhere in the world as long as the price is right. This naturally means that the engineering company will need to provide this service through its network. Shipyards are challenging customers to the engineering companies as they are so focused on price in their buying behavior. When it comes to detail design they force the engineering companies to compete only on price. The price of coordinating and managing the

project is often not deemed important by at least the shipyards with whom the case company has actively cooperated in its home country.

Once the project at the shipyard has been finished the shipyard still handles the guarantee and some shipyards are also trying to get into the conversion business more. Still the shipyard's involvement in the life-cycle of the vessel normally ends quite early in the ship's life time, tempting the shipyard to push down the cost of the building at the expense of the quality of the vessel. This is why the owners generally oversee the construction process very closely and they also keep the right to influence makers' lists of key suppliers. In some cases they may even force the shipyard to take a supplier, who they consider to be more credible. However, this most of the time does not come without an additional cost. The engineering company may offer supervision services to the ship owner. If the engineering company is completing some of the design for the shipyard at the same time, the engineering company may be put in a difficult position, where its credibility as an impartial party may be compromised.

2.2.3 Suppliers

Suppliers are the third main customer group in the marine market. There are two main groups of suppliers for the case company. One group are international equipment suppliers who are major players in the worldwide marine arena and the other group consists of domestic suppliers that have been created when the Finnish shipyards have more or less adopted the assembly yard way of working. The two groups have different needs partly due to their resources and partly because of their different strategies.

The local suppliers have undergone significant changes during the last decade as they have grown from more or less sweatshops or suppliers of a rather specific product to TK suppliers (turnkey suppliers) to the yard. A turnkey contract means that the supplier is responsible for delivering a whole that is in use as soon as it is handed over. The biggest local TK suppliers may offer design and completion of certain areas such as the galleys and cabin areas or systems such as the AC system (air conditioning system) of the whole ship based on the GA or architectural drawings by the shipyard's client. The idea of the turnkey includes that the area or system is completely ready to be taken into use and has been commissioned to the satisfaction of the customer. The difference to building site turnkeys is that the shipyard provides the hull on which the area needs to be built and the suppliers need to adapt to the shipyard's ways of working schedule- and method-wise. This new way of working as TK suppliers has forced the suppliers to increase their size and their supplier network to be able to handle the large entities offered by the shipyard.

The supplier's contacts to the ship owners have increased as they are sometimes allowed to communicate with the shipyard's customer directly to ensure the best possible final result. Some of these local suppliers have entered the reconditioning business as well, thus creating relationships with the ship owners on their own. The local suppliers are often very dependent on the workload of the local shipyards as their way of working is very closely aligned with that of the Finnish shipyards. Some of the suppliers have managed to deliver to other shipyards producing similar vessels to the ones produced at Finnish yards or to normal building sites, but these local suppliers are still very dependent of the local order book. The system suppliers are in a slightly stronger position regarding their dependence on the local shipyards as they often have started in other industries and maintained those other business areas.

As customers to engineering companies, the local suppliers mainly need the design required by the yard (basic and/or detail design). They rarely have personnel to do the design for classification societies if that is included in the contract and they usually buy the drawings and/or lists required from an engineering company. The local suppliers therefore almost automatically bring an increase to the design work of the local engineering companies whenever an order for a new ship is placed to the local yards. The local suppliers have a need to cut their costs and this might encourage the engineering company to use work subcontracted to developing countries. However, these suppliers have been more reluctant than the shipyard to do it, due to quality reasons. As these suppliers mostly need bulk design based on initial drawings of the yard, which is not very competitive price-wise, they are not particularly attractive as customers for engineering companies. The engineering companies can be chosen based on their price, bearing in mind the occasional demand of domestic design, which means that it is difficult for the engineering company to build in any added value. Use of modern design tools, such as 3D design may sometimes be more cost effective to the local suppliers as 3D models make the installation easier in complex areas.

The other supplier type is international suppliers of valuable equipment on board the ship such as engines, pod propulsors, other electrification equipment and elevators. There are some major suppliers of these equipments that have originated in Finland and the case company has old relationships to these suppliers. Also other international equipment suppliers that are not based in Finland have been customers of the case company. The question of prohibiting information transfer from one supplier to another is therefore of high importance to these suppliers. However, according to the interviews, the business knowledge that the case company has obtained by serving many of these suppliers is also its competitive edge. The international suppliers value the case company's relationships and experience with shipyards and ship owners. Confidentiality with regard to all customers is essential as these suppliers find added value in the case company's extensive knowledge that is gathered through assignments with its other customers

but information regarding a specific assignment should never spread outside its commissioners.

These supplier companies have very strong relationships to both ship owners and shipyards on their own also, although they value the knowledge and relationships that have been obtained by the case company. These suppliers aim at creating and maintaining good business relationships with the owners as that will help to obtain a spot on the makers' list in a new-building. For the shipyard they are mainly seen as costly parts for the vessel but the ship owners may even be convinced that these suppliers provide them with savings in operative costs and they can also provide the needed reliability for the fleet. International suppliers have often invested in the service business and may have already provided services for their customers around the world for decades. In some cases the service business may generate larger revenues to the supplier than the new-building market.

The small market related surveys that the international suppliers use the case company for, can lead to larger development projects regarding their products or services and that makes these suppliers interesting customers. These companies often have their own BI (business intelligence) departments that collect business related data and analyze it for the purposes of the company. Some of them have even bought large engineering companies to offer better and broader services to their customers. The advantage of using an engineering company is that they are seen as impartial and material and surveys provided by the engineering company may be seen as more credible than the material the company has put together themselves. Through the purchase of engineering companies these large suppliers can be seen as competitors at the same time as they are customers. So far even the companies with their own design offices or engineering companies have turned to the case company when the matter requires an objective view or it is in an area that is seen as the specialty of the case company. It is still unclear where the customer dynamics will go with these international suppliers in the future.

2.3 A Description of the Offshore Segment and the Actors in the Segment

Actually the offshore segment can be seen as an exception to the normal marine business. All those sea going structures that relate to the exploitation of hydrocarbons at sea belong to the offshore segment. One of the reasons why offshore vessels are separated from other vessels is the fact that their safety requirements differ from those of normal seagoing crafts. Generally the requirements are even tighter than those in the marine segment, making for somewhat more cumbersome projects. The case company is mainly focused on FPSOs because they are similar to normal tankers. The knowledge accumulated from designing ships can therefore easily be put to use in these vessels, but the case company offers design for other offshore structures as well. An FPSO is a floating

tank system, which takes the oil or gas produced on nearby platforms or in a subsea system and processes and stores it until it can be transported onwards. The conspicuousness of the case company is on a much lower level in the offshore segment than in the marine segment.

The actors in the offshore segment differ from those in the marine segment because the marine business today is very international and the oil reserves again are national. There is a lot of politics involved in the recovery and utilization of the world's oil reserves. Most countries that have oil reserves, have their own national oil companies as well. There are also environmental groups and other political groups in these countries that seek to benefit in some way from the oil resources. The enormous quantities of money that are needed for the production investments also bring in other players on the international arena. Countries with small or no oil reserves and highly energy intensive production, try to create liaisons to countries that do have oil reserves by loaning money to the investments in the oil industry. National interests often play a large role in determining the oil companies whom the exploration is awarded to. There might also be requirements of building possible platforms etc. in the country where the oil originates.

Figure 7 below aims at describing the complex customer relationships in the offshore segment in a similar manner as Figure 6 did earlier for the marine segment. Same limitations apply to both figures. Several engineering companies or a network of them that may be involved with the vessel are all depicted by the one symbol for engineering companies in the figure. An FPSO project was chosen for the model in order to decrease the amount of customer configurations, but as can be seen in the picture below the relationships still become rather complicated, tangled and highly interrelated. The problem is that the parties differ greatly from one project to another. For example, there might be authorities that delegate their task to classification societies. The operator might be owned by the oil company or they could be an outside agency or the contractor could be the operator. Again, the engineering company might be owned by the contractor and the contractor may function as a supplier. Usually there are also several oil companies, who can all have their own financiers, involved in a project. So in reality it could be only a few parties involved during the lifetime, but the roles seen in Figure 7 could be fulfilled by partly or wholly owned subsidiaries of the big players. In that way the offshore market is more vertically integrated than the shipping market, which has a clearer network structure. The national and international political interests are only indirectly represented in this figure through financiers and oil companies etc. The opposing groups are not represented in this picture as the focus is still on the engineering company, which rarely if ever has contact with the opposing groups.

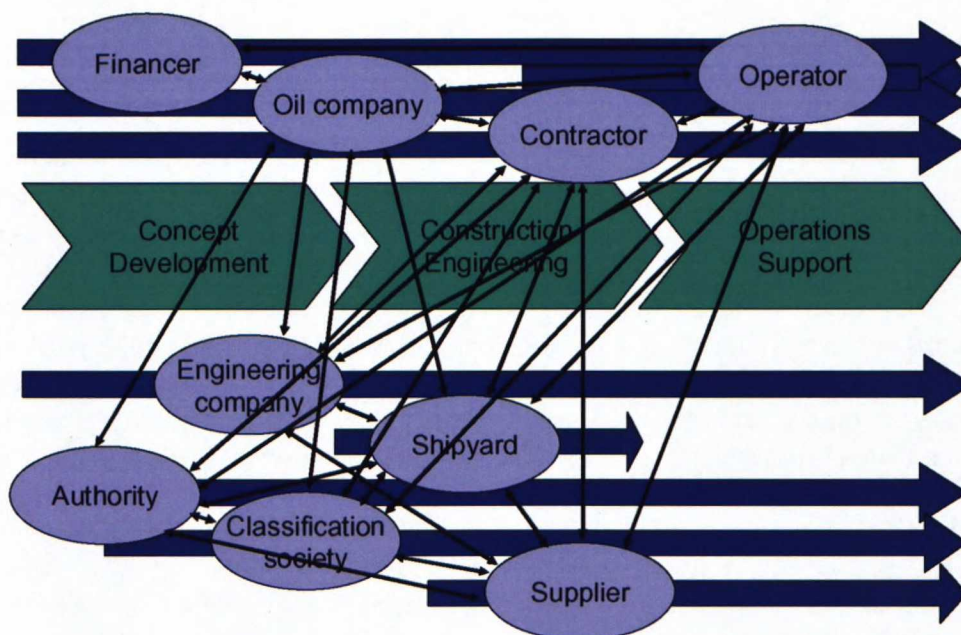


Figure 7 The FPSO multi-customer model.

The position of the engineering company is less central in the FPSO scenario compared to the marine segment. One reason for this might be the fact that even a big engineering company is a very small player compared to oil companies or big operators and/or contractors. Another separating factor is the fact that almost all parties can have relations to each other. In an actual project this would probably not be the case. In a real project the first thing would be to determine which parties are involved in a project. When that is determined the natural lines of interaction could be drawn between the parties. In actual offshore projects many parties form cooperative groups.

For example the engineering company might have transactions with the contractor, who in turn would have transactions with an oil company owned operator of an oil field. There would probably be one major oil company behind the operator but other oil companies would own shares of the field to reduce the risk and ensure financing. As the field would require other infrastructure in addition to the FPSO, such as a platform or a subsea system for pumping and/or drilling, pipelines, shuttle services etc. the position of an engineering company preparing the design of the ship part of the FPSO is not very central. Even small parts of the total investment may give a good profit as the investments are large. The interchangeability of the network and the common subordinate position of the engineering company make the marketing difficult. It is not clear which parties to contact and it is difficult to make a brand or references known, as much of the work is done by sub-suppliers to other companies. The roles of oil companies, contractors, suppliers and engineering companies will be clarified in more detail in the presentation in the following chapters.

2.3.1 Oil Companies

There are several types of oil companies from the perspective of the engineering company. The best known oil companies are the big multinational conglomerates even called super majors like Exxon, Shell, BP etc. However, many countries that have oil and gas deposits have realized that the best way to capitalize on their natural resources is to have a national oil company that will be at the center of the development of any fields. Examples of companies like this are companies such as StatoilHydro, Petrobras, Gazprom or Lukoil. The largest oil companies are among the biggest companies in the world and they often have subsidiaries and affiliates that take care of all interrelated tasks in relation to field development. With the largest companies it can also be difficult to sort out what the various subsidiaries do and whom to contact to offer any services relating to offshore vessels. One additional complicating matter is the fact that most field development projects are run by a consortium of oil companies. One oil company could hold a major interest in the venture but other companies may join to share the risk or offer their expertise or financing.

The largest oil companies are probably not attractive as customers to the case company as they rarely concern themselves with details like marine structures. The interviewees reminded that in the investment process of creating new fields or wells for oil production the piece that the case company offers, namely the design of a production, storage or transport vessel, is not always at the center of the project. However, attracting the interest of these big players might be worthwhile as they choose the subcontractors who are responsible for the execution of the investments, whether they be conversions or new-buildings and a smaller engineering company might be an interesting partner to be commissioned for pre-studies. A recommendation or a request to use by an oil company might be very useful marketing-wise. The medium or small national oil companies especially in newly developed fields or areas might be interesting as customers already at the early stages of the development. They may not have the technical knowhow to even develop the vessel concepts and an entire field may need several vessel types such as transport vessels and storage vessels along with drilling and production. It is essential to plan early what type of vessels or platforms to use. Whether the FPSO will be owned or leased by the oil company also needs to be solved during the planning stages. Especially the oil fields outside the Brazilian coast are in such deep water that vessels such as FPSOs are technically more feasible than traditional platforms. There are also other areas, for example on the east coast of Canada, where the icebergs from Greenland float by, where dispatchable vessels could be a natural choice. If the concept for the field is developed by a specific engineering company, the chances that further development could be awarded the same company that knows the concept are higher even if the next stage would be handled by operators, contractors etc.

2.3.2 Contractors

As mentioned earlier, contractors and operators of the offshore vessels are often one and the same party. Contractors can be commissioned already when the oil field is planned. They offer the oil companies a wide variety of services from design and project engineering, construction, maintenance and modification until decommissioning. It is quite possible that the contractor owns the FPSO and the oil company just leases it. In many cases the contractor may not have the required service within the company, but they serve as a united front to the oil company taking care of all that relates to the operation of the offshore platform/platforms or vessels. However, contractors also come in all sizes and some of them may be focusing only on some areas of the operation. The largest contractors are many times bigger than an engineering company, regarding both personnel and turnover.

Some of the contractors have their own engineering companies or a partnership agreement with an engineering company. According to the interviews there seems to be a visible trend in the industry, where the companies try to release themselves from their smaller suppliers, who do occasional odd jobs for them, towards partnerships with able and bigger engineering companies. These companies could supply the needed capacity on short notice and the contractor would only need to hire one firm for a certain job instead of several people or companies. The contractors are in essence looking for solution providers for their engineering needs. Contractors that own FPSOs usually design them for a certain customer with a certain purpose in mind and if there is a new customer, they will need a design partner. Its relatively small size, lack of past references in a larger scale and missing knowledge on the production in offshore vessels are the weaknesses of the case company in this scenario. Experienced partners may assist in overcoming these weaknesses.

2.3.3 Suppliers

The suppliers for the offshore market are to some extent the same companies as the international equipment suppliers for the marine segment. Some of these are familiar to the case company from earlier business relations. There are also suppliers that are specifically focused on equipment or production facilities related to offshore. As the knowledge base of the case company is lacking in those areas, it would be wise to create liaisons with some of these specifically offshore related suppliers as already has been done in some cases according to the interviews. The contacts in the supply network may bring in more business opportunities and they will enable the case company to offer wider solutions that are required or hoped for by the bigger players in the segment. The offshore specific suppliers are sometimes also contractors or they may be subsidiaries to contractors.

2.3.4 Engineering Companies

Generally the engineering companies in the offshore field tend to be larger than in the marine business. As the design hours needed in some of the contracts are very high, engineering companies need sub-suppliers from time to time. The engineering companies in the offshore business usually work as networks for larger projects. The companies specifically need bulk design work to the lowest possible rate and therefore it might not be attractive to the case company, if not for reference or learning purposes. However, there are also smaller engineering companies in the business area and it could be a good solution to create partnerships with them as the case company already has done. The engineering companies may also be linked to contractors through corporate ties. It is not always possible to work together with some engineering companies if they are in competition with partnership companies, but it might be possible to go around this by working directly with a contractor. In a way the engineering companies can be seen as the least attractive customer type. They are the last in a chain of suppliers. There is very little power to affect your own work, which creates a strictly price based competitive situation.

3 The Theoretical Model of a Company Level Marketing Process

Once the basic contextual factors along with the terminology that are important to the marketing process of the company have been determined, there is sufficient background information to start working on the actual organizational process. A marketing process is not necessarily a scientific approach to the problem of how the marketing function should be organized and what parts a company's marketing function should entail. As the definition of the marketing process is one of the fundamental things any company should do before engaging in any marketing, it seems that the best way to look for examples of how the process could be shaped, is to turn to basic course books of marketing. Philip Kotler's Marketing Management has been studied by many generations of marketers. In Kotler & Keller's book, Chapter 2 (2006, p. 60-61) the concept of a marketing plan is introduced. It gives a good picture of what a marketing process should look like as it portrays the written plan for the process within the company.

According to Kotler & Keller (*ibid.*) the marketing plan should contain:

1. Situation analysis,
2. Marketing strategy,
3. Financial projections,
4. Implementation controls.

During the situation analysis information on the market, competitors and environment is collected and analyzed. Based on the analysis a marketing strategy is then formed. In the financial projections the cost of marketing is broken down into finer categories. Finally during the implementation controls stage the monitoring and adjustment procedures should be described.

Christian Grönroos has criticized the approach of many of the traditional marketing textbooks (Grönroos 2002, p. 129-134) and therefore it is interesting to see how he would describe the marketing process. According to Grönroos (1990, p. 125-126) the marketing function includes four parts:

1. Understanding the market,
2. Choice of market niches and segments,
3. Planning, execution and control of marketing programs,
4. Preparing the organization so that the marketing programs and activities are successfully executed.

The three parts in the beginning are more or less the ones presented by Kotler & Keller (see above) with the only difference being that the last two phases of the plan presented by Kotler & Keller, were joined together in phase three presented by Grönroos. Phase three also has a more action-based view than the view of the marketing plan presented earlier. The last phase presented by Grönroos, is that of internal marketing within a company, which definitely should not be forgotten.

According to Wikipedia (Wikipedia) a business process is a method or system for achieving a commercial result, it consists of activities or tasks that are meant to produce a desired outcome. In order to derive a successful process for the case company, the outlines given by the previously quoted marketing experts should probably be used. The internal marketing mentioned by Grönroos should definitely be included but considering its importance, it could be wise to incorporate it in all the stages. As the process should consist of activities, the execution phase mentioned by Grönroos should probably get more attention in the process at the expense of the financial projections that can easily be incorporated in the marketing strategy phase. Also customer and supply chain partners are collaborators in the process, but their role will be discussed later in related chapters. The classical view of the general marketing process that will be used in this thesis, is depicted in Figure 8.



Figure 8 Company level general marketing process. (adapted from Kotler & Keller 2006, p. 60-61 and Grönroos 1990, p. 125-126)

The theoretical process starts with a **situational analysis**, which then is the basis of a **marketing strategy**. The **marketing decisions** stage includes all the day to day decisions that come from the execution of the strategy, including what tools and approaches to use. Finally the efficiency of the process must be measured during **implementation and control**. The various steps of the marketing process along with their contents will be described in greater detail in the following chapters. The contextual factors, such as project marketing and the business environment in the marine business, will be taken into account when the process is described.

3.1 Some Tools for Analyzing the Situation

The two phases analysis of the situation and marketing strategy, are very closely tied to the company strategy. When analyzing the situation for the marketing process the things that are of interest are pretty much the same as for the company strategy. In doing the analysis it is wise to group or organize the issues to be covered under certain subheadings. The analysis should include a summary of the markets, market trends and market growth. The analysis should consider issues in the company's macro environment that can influence the company or its products

directly or indirectly. (Kotler & Keller 2006, p. 60-63) It should also be noted that the analysis should not be confined to merely company **external factors** but also **internal factors** should be considered. Boyt & Harvey (1997, p. 293) suggest that for services the areas of **internal** analysis, **market** analysis and **competitive** analysis should be conducted. For an example of possible factors to consider for the analysis of the case company, see Table 3.

Table 3 Areas to be considered in the situational analysis.

External analysis:	Internal analysis:
Customers	Company culture
Competitors	Company image
Market trends	Organizational structure
Suppliers	Key staff
Partners	Position on the experience curve
Social changes	Operational efficiency
New technology	Operational capacity
Economic environment	Brand awareness
Political and regulatory environment	Market share
	Financial resources
	Exclusive contracts
	Patents and trade secrets

A common tool for categorizing the external and internal factors is the SWOT-analysis. In the SWOT analysis the internal factors are divided into Strengths and Weaknesses and the external factors into Opportunities and Threats. (Kotler & Keller 2006, p. 89-92) It would be wise to create separate SWOTs at least for both segments of the company, maybe even for all customer types. It has been established that the segment and customer type should be the source of the marketing strategy, which is created based on the analysis of the situation. Please see Figure 9 and Figure 10 for examples of the SWOT two-by-two tables for the Company’s two chosen segments. The SWOTs in the figures do not aim to be a complete representation or analysis as they are summarized from the interviews on the customer types in the first stage of the interviews and were created for this thesis. They are presented as an example and can be used as a base for further discussions.

It is interesting to note that according to the interviews only the strengths of the company seem to be the same for both segments, whereas weaknesses, opportunities and threats differ markedly in the marine and offshore segments. This relates partly to the difference in markets in the segments that was discussed in Chapters 2.2 and 2.3 and partly to the inexperience of the case company in the offshore market. Generally the opportunities in the offshore segment were seen as much brighter than in the marine segment. On the other hand the comments to the

marine segment were mostly more specific and knowledgeable indicating that there could be an overly optimistic view on the possibilities of the offshore business.

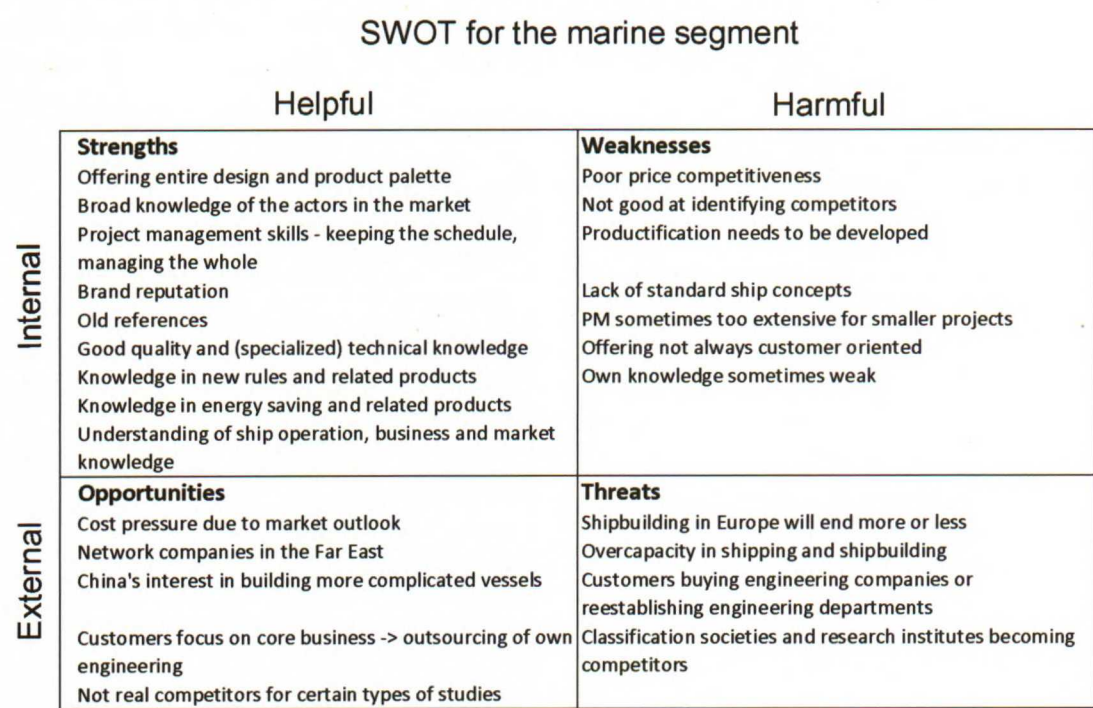


Figure 9 The SWOT for the marine segment.

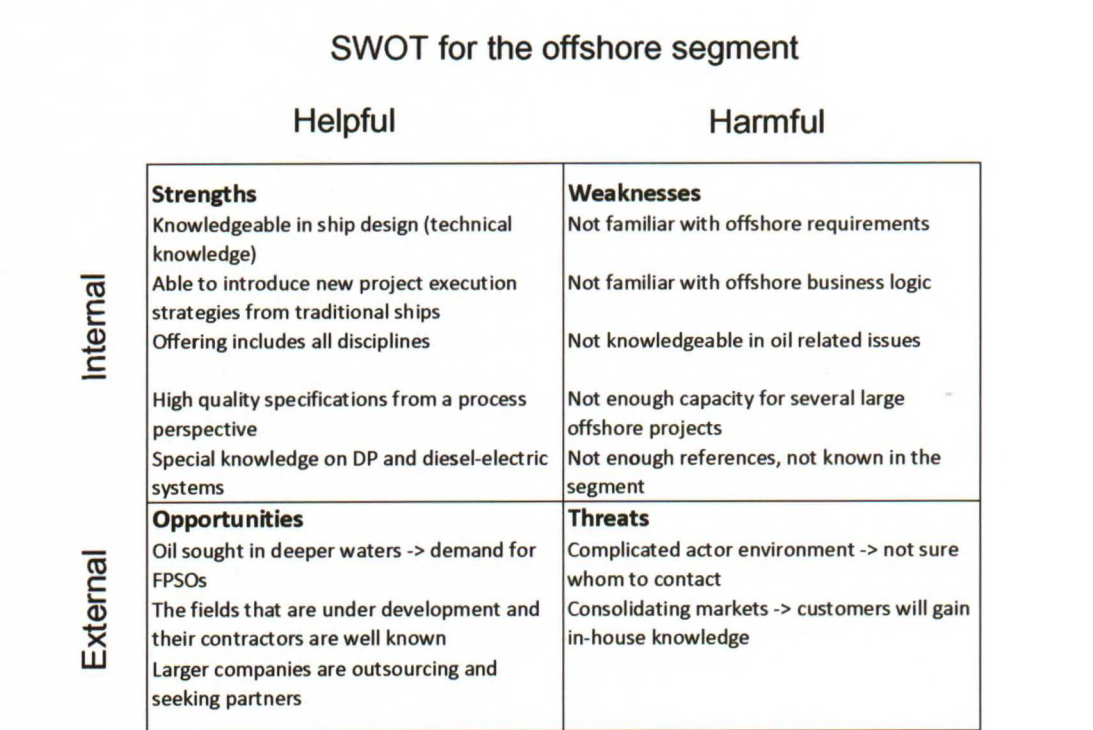


Figure 10 The SWOT for the offshore segment.

It was previously mentioned, that the market or markets that a project firm is active in are called milieus. The milieu is the surroundings in which the supplier should develop relationships. In the project marketing literature two tools for managing the milieu are mentioned. The first tool is a **sociogram**. A sociogram depicts the numerous ties in the network that exist within a milieu. The idea is to move away from the traditional warlike view of interaction in a market. This is particularly suited for the marine market as the involvement of several actors in a project can result in cooperation projects where competitors cooperate on a temporally to complete a joint project. The multi-customer view can naturally be expanded to a multi-supplier view. The company can then map their own position within the network. The mapping can be made as a functional positioning based on its competencies. This view has its roots in the transactional marketing view. However it is also possible to map a relational positioning, that is based on relations. Both views are needed and they can be seen as complementing each other. (Cova et al. 2002, p. 78-81)

Another method that can assist in understanding the milieu is **portfolios**. Probably the most well known portfolio is the BCG (Boston Consulting Group) matrix. The portfolio idea is to present several elements in a matrix form. The matrix can be multidimensional or just two-dimensional. The resulting portfolios can then be used to manage and bring order into various aspects in the company's business. The BCG matrix was initially used for categorizing a company's products but it can be used for categorizing markets or segments or customer relationships as well. As the BCG matrix is rather simple a slightly more advanced approach for portfolio making is to recommend. Portfolios are generally easy to use and understand, but sometimes is that their shortcoming as well. The portfolio approach does not take into account the interdependencies between the elements. (Cova et al. 2002, p. 82-84)

A possible way to use the portfolio view on project marketing analysis is represented by Tikkanen et al. (2009, p. 12, 16). They suggested that it is important to look at the portfolio of prospective customers as well as the portfolio of prospective suppliers. Factors to be observed for the prospective customers are short-term and/or long-term business potential and for the suppliers their reliability, supply capabilities and resources. There is a multitude of attributes by which for example prospective customers can be grouped.

For an example of a prospective customer portfolio see Figure 11. The customers in the figure are fictive. The empirical analysis suggested that the measured aspects in the portfolio were considered important for the case company and the portfolio is created based on the interviews as an example of what could be used in the case company for this thesis. On the vertical axis the prospective customers are divided into business leaders and followers so that the customers highest up are 100 %

followers and the customers that are the lowest are 100 % leaders. On the horizontal axis they are grouped according to whether they could provide short term or long term business or both. As can be seen the grouping is not absolute, so that a customer that would provide both short and long-term business may for example lean more towards short-term business. The size of the image indicates the amount of prospective business in Euro. Customers are also divided between segments. The company should also keep its portfolio of successfully delivered projects up to date, both for reference and for future business prospect purposes. This could be a so called portfolio of “sleeping customer relationships” the purpose of the portfolio being to make sure that contact with these customers is maintained on a regular basis.

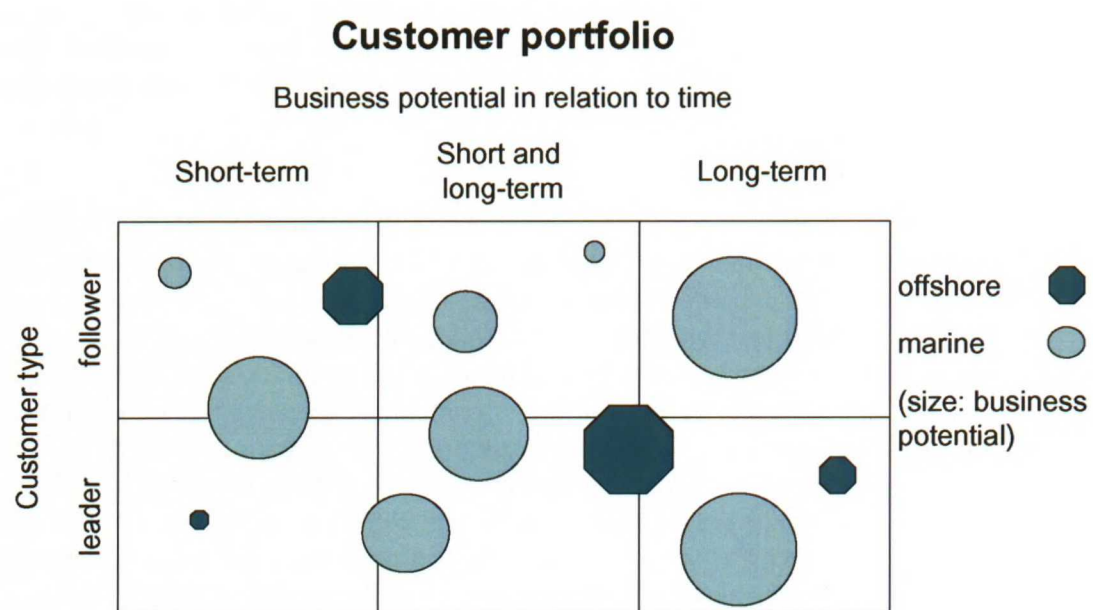


Figure 11 An example of a prospective customer portfolio.

Cova et al. (2002, p. 88-98) presents several ways to **analyze the milieu**. Three different cases that require different approaches are described. The cases are:

- ✓ the company is outside the milieu (external),
- ✓ the company is a participant in the milieu (internal),
- ✓ the milieu does not exist. (Ibid., p. 89)

In the first case (external) a company will try to enter the milieu and establish a position there. In the second case (internal) the approach is fairly similar but the company itself is already an actor in the milieu. In technologically innovative areas, which are difficult to grasp, analysis of the milieu is difficult and it is actually rather similar to forecasting and that is the situation in the third case (milieu does not exist). (Ibid., p. 89, 95, 96)

In all three cases the analysis should start by defining the milieu verbally. For the third case of the non-existent milieu even this could be difficult. The next step is to gather information about the milieu. Information can be gathered through databank and Internet search as well as interviews. If the company has already entered the milieu, it can use internal interviews as was done for our case company. The result of the analysis can be found in Chapter 2 describing the multi-customer models in both of the company's active segments. Databank information gathering is recommended to begin with for the external case and interviews not until that information has been organized. (Ibid., p. 89-90, 95-97) An example of how the actors can be analyzed can be found in Table 4.

Table 4 Grid to analyze actors in the milieu. (Cova et al. 2002, p. 90)

Names Institutions	Role Mission	Structure, functioning pattern	Comments Dates, key events Evolution	Names of key individuals	Function	Comments on individuals Potential Evolution

The data should be sorted so that there are lists of actors connected to the milieu as well as experts communicating about it. However, the sorting should also contain a quotation index for both experts and actors. This will enable the company to identify specialists with much information on the milieu. For the internal case it is recommended that the findings of the internal interviews are validated by some external specialists. In the external case a matrix with all the actors on both axes is a useful tool for mapping the milieu and the relationships can be classified with different codes in the matrix. The milieu should then be represented in a clear way that will make it possible to do action plans. It should be noted that grouping similar actors together is not always advisable. Once the representation has been created, it should be used and updated frequently. (Ibid., p. 89-96)

Especially in innovative projects, where the customer needs both technical support and consultation, knowledge management is of high importance. Much of the knowledge in projects is tacit and thus often hard to codify and tied to individuals. In the analysis of the situation both market and customer knowledge is required. Lehtimäki et al. (2009, p. 3) have looked at what kind of knowledge is needed in project marketing for technically innovative and demanding customer projects. They have grouped the knowledge based on if it is core knowledge to the company or project specific knowledge. On the other axis they have placed whether it is

technical or customer knowledge. (Lehtimäki et al. 2009, p. 2-3) To see how these knowledge types tie together, see Table 5. Some of the core customer knowledge for the case company was collected in the interviews in the first phase of the methodology.

Table 5 Knowledge categorization. (Lehtimäki et al. 2009, p. 3)

	Core knowledge	Project specific knowledge
Technical knowledge	<p><i>Core technical knowledge</i></p> <p>Essential for the firm's business as it is the basis of firm's capability to deliver complex solutions. Applicable across projects. New core technical knowledge can be created in projects.</p>	<p><i>Project specific technical knowledge</i></p> <p>Created when a unique process solution is developed and implemented. Not applicable across projects. Includes technical knowledge needed for the customization of the solution.</p>
Customer knowledge	<p><i>Core customer knowledge</i></p> <p>Essential for the firms business. Applicable across projects. Firm's general level knowledge on customer's characteristics in a business field and managing customer relationships. Includes customer needs and wishes, customer's business environment, the buying centre and the stakeholders. New core customer knowledge can be created in projects.</p>	<p><i>Project specific customer knowledge</i></p> <p>Created mostly in interaction with the project customer. Not applicable across projects. Includes knowledge on a specific customer relationship, customer's needs and wishes, customer's business environment, the buying centre and the stakeholders.</p>

Regarding the knowledge in Table 5 the transfer of project specific knowledge can be seen as more difficult, as the project management and personnel are likely to vary from one project to another. Core customer knowledge is essentially in the hands of the marketing personnel, which does not change as frequently as project personnel. However, this knowledge is also very person dependent. Including the Project manager in the sales process improves the transfer of customer knowledge. CRM systems may be used for the storage and use of both types of customer knowledge. In an engineering dominated environment more emphasis is traditionally put on the technical knowledge and customer knowledge is merely seen as tacit knowledge held by sales personnel.

3.2 The ingredients of a Marketing Strategy

The company strategy should be the cornerstone of a marketing strategy. Tikkanen et al. (2006, p. 197) define marketing strategy of a company as:

"The systematic effort through which the company aims at optimal value creation for its customers, shareholders and other network partners in accordance with the set strategic and operational objectives."

The marketing strategy, like any strategy, should be based on a mission. The mission is the goal, which will keep the strategy focused. Once the **mission** has been established, it can be divided into specific **objectives**. According to Kotler & Keller (2006, p. 60-61) the marketing strategy should at least be specific about the **branding strategy** as well as the **customer strategy**. The customer strategy requires segmentation and targeting. The business model of a project-based firm is created through a managerial decision making process based on the input from the business environment. In essence this input consists of the customer needs and the business model then formulates how the company may provide added value to their customers. (Kujala et al. 2009, p. 15-16) As the business model originates from the various needs of the customers, it is natural to use the customers as a starting place for the marketing strategy. Marketing strategy should naturally be aligned with corporate strategy and in the case company the segmentation is made in the corporate strategy along with the decisions about which markets to target.

Segmentation is one of the fundamental pillars of business-to-business marketing. It is easier to formulate segment or customer type specific offers than specific offers for each customer. According to Cova et al. (2002, p. 60), marketing segmentation is a more narrow concept than strategic segmentation. As the company in this case has used business areas as their basis for segmentation, the needs of individual customer types within the segments should not be forgotten. According to Reilly (2008, p. 23) customer segmentation should be based on the needs of the customers. He adds that customers with more complex needs are more open to value-added solutions, whereas customers with more simple needs are inclined to look for cheaper prices. In order to be able to offer the right value proposition the company must know the needs of the customer. According to Boyt & Harvey (1997, p. 292) market segmentation based on the customer's service needs should be used to target marketing mix strategies to specific customer groups. Segmentation criteria may vary, but they might include even criteria such as risk sensibility or willingness to interact with the customer closely (Morabito et al. 2005, p. 593). Customers could also be grouped by many other dimensions. Typical dimensions regarded by the marketing function could be geographic area, type of customer or size of customer-company. (Gensch et al. 1990, p. 11) In this presentation the focus is on customer-type although there may be significant differences in customer needs based on geographic area or size as well. As the company is functions in the marine business and has chosen only two segments within that business area as its targeted segments, there is no need to do separate marketing segmentation from

strategic segmentation. Therefore the segments are taken given as contextual factors for the process.

Studies indicate that small and medium sized companies often skip the segmentation and merely contact customers they are acquainted with (Morabito et al. 2005, p. 593). However, according to Kujala et al. (2009, p. 15), when targeting several customer groups or segments, it is essential that the offering can be tailored to the customers in different segments. The discrepancy in the requirements and the actual practice may be one of the explaining factors to low hit rates. When targeting is not done properly and according to plan, there is risk of giving a too general offer or sometimes the offer to a certain familiar customer is always made to enhance certain areas of business ignoring others. Therefore, the segments and the goals should be kept in mind also when the marketing strategy is put to actions.

The positioning of the product or service, namely projects, is closely related to branding strategy. As there are no specially defined brands for the products that the company is offering, the brand in this case is the company itself. Therefore the branding strategy should be a part of the company strategy. The brand itself is discussed more in detail in Chapter 3.3.1, where the marketing mix is discussed. The choice of what approach to take in entering the project marketing field is also a strategic choice. The company may choose to have an anticipatory strategy, which involves taking a proactive approach to the market and customers trying to "educate" the customers on their needs and creating new business in this way. The adaptive approach again scans the market for project leads and adapts to the project requirements. (Welch 2005, p. 292) As mentioned earlier, both approaches might be used simultaneously. It could be that the anticipatory approach would suite the brand of an innovative company offering new conceptual solutions that the case company is striving for.

According to Helander & Möller (2007, p. 726) companies that are ahead of competition due to innovative and/or aggressive behavior are interesting as customers to a company like the case company as they tend to have lower technical capabilities of their own. This is also true for companies that are in a strong growth phase, as they tend to focus their efforts on marketing or logistics. However, a company that strives to introduce innovative solutions may soon catch up with their suppliers with regard to the knowledge gap that they have. Therefore the suppliers that aim to serve these customers need to constantly develop new solutions and extensive services in order to maintain the knowledge gap. This requires a proactive approach to providing value to the customer. (Helander & Möller 2007, p. 727) On a crude level it could be said that a company that looks in the past uses its references to convince the customers of its offering, whereas a company that looks to the future will depend on its value proposal.

3.2.1 The Value Proposition

A value proposition of a company aims to “match the supplier’s offering and technology base with the customer’s business priorities, expectations and needs” (Reen et al. 2009, p. 2). When the case company represented in this thesis, started to offer their customers more advanced solutions, such as service concepts for their information management etc. the starting point was surely the company’s own technology base. The company has an existing technology base of being able to create 3D models for marine customers. The customers on their part have a reoccurring need to sometimes upgrade their fleets. As a result of aligning these two the value proposition of an information management tool for all the knowledge of the ship was created. However, in order to answer to the customer needs the company will have to include new capabilities to their value proposition (Ibid., p. 4). They need to show the customers what the value added for this service will be. (Kujala et al. 2009, p. 15) The relations between customer needs, value proposition and customer satisfaction are described below in Figure 12. The model is a simplification made for this thesis in order to assist the understanding of the concept value proposal. When the value proposal is built on the needs of the customer, the end result of a successful delivery is perceived as added value by the customer.

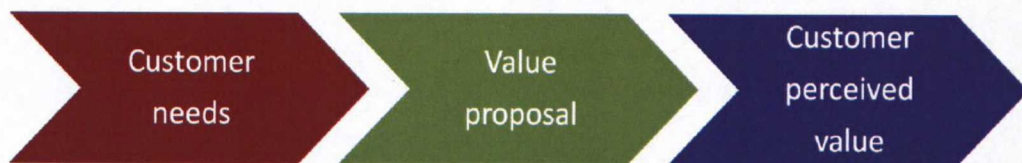


Figure 12 Relations between customer needs, the value proposal and perceived value.

Before the value proposition can be created, customer-perceived value needs to be determined. Customer-perceived quality and customer satisfaction are both closely related to value and probably components of customer-perceived value. The value judgment that the customer does is the customer’s assessment of the supplier’s offering considering both benefits and sacrifices when the offering is used. According to Ulaga & Chacour (2001, p. 528), when observing customer-perceived value, three key components are essential. The first component is that there are **multiple components of value**. The components are the benefits and sacrifices of a specific episode with the customer as well as the benefits and sacrifices of the entire relationship. It is also good to understand that customers value a reduction in sacrifice more than an increase in benefits. The **impact of roles and perceptions** is a reminder of the fact that both different customer segments and different members in the customer’s organization perceive different value for the same product. When

looking at value, one must not forget that value is also always relative to **competition**. (Ulaga & Chacour 2001, p. 527-530)

The value components can be grouped into categories based on whether they are short-term benefits or sacrifices or long-term benefits or sacrifices. Ahola et al. (2008, p. 89-90) suggested possible categories and a list of the categories is in Table 6. Product related short-term benefits relate to how the product or offering itself creates value. Delivery efficiency self evidently means that the delivery is efficient. Additional support services, such as training, enable the customer to use the product or offering more efficiently. Access to resources naturally provides the customer resources that would otherwise be unavailable and innovation means that the offering can create short-term improvements to the customer’s processes. Of the short-term sacrifices direct cost and indirect cost of poor performance are probably quite clear, but operational transaction costs refer to the administrative practices that are required from the customer to receive the product or offering. Of the long-term categories relationship between customer and supplier as well as after sales services can create benefits. Innovation here refers to long-term improvements to the customer’s processes. Of the long-term sacrifices strategic transaction costs are the sacrifices that a long-term relationship might cause the customer to have and customer capabilities mean the sacrifice that comes in the form of decreased capabilities on the customer side due to a long-term relationship with a supplier. (ibid.)

Table 6 Categories of the value components (Ahola et al. 2008, p. 89-90)

	Benefits	Sacrifices
Short-term	Product related Delivery efficiency Additional support services Access to resources Innovation	Direct cost Indirect cost of poor performance Operational transaction costs
Long-term	Relationship between customer and supplier Innovation After sales services	Strategic transaction costs Customer capabilities

If the value proposition is simplified, it is possible to group the types of value propositions into three types. The value propositions can be: operational excellence, product leadership and customer intimacy. The idea in creating a marketing strategy based on the value proposition is the same as for other types of strategy. There is no point in trying to excel in all the three areas. A company can choose to try to provide excellent customer value in one of the areas and then just try to compete at a threshold level in the other two areas. As the value proposition should be based on the company’s knowledge of what the customers truly value,

for the case company presented in this thesis the type of the value proposition might change according to customer type. (Scholey 2002, p. 14)

In order to dominate a market a company may choose one of the value proposition types to concentrate on. When a company concentrates on operational excellence, they use price as their main driver and perform at the higher end of the threshold standards for product leadership and customer intimacy. The idea is to reach an image as the provider of the best deal. For the company trying to convey the image of the best provider of a product or service, the primary focus should be on product leadership. They will use unique attributes in their products and services to create an image that will make the market willing to accept a higher price. For the other two types of value propositions it only needs to meet the threshold standards by the customer. When aiming for the image of the best business relationship in the field it is only natural that customer intimacy should be the main focus and it will suffice to meet the threshold standards at the other two types of value propositions. (Scholey 2002, p. 14-16) These companies are described as solution providers, who will work together with their customers thus making sure that the service or product will work and be aligned with the customer's strategy. (Davies 2004, p. 731)

The relationship marketing perspective is built on the idea that the existence of a relationship between the customer and supplier creates added value for the customer. The customer's internal value generating processes are at the center of marketing. Instead of just offering customers products or services, there is a mutual relationship that can offer the customer security, a feeling of control and trust. Apart from these attributes that might be somewhat difficult to verify, the customer should be able to reduce purchasing risks and have lower costs of being a customer. (Grönroos 2004, p. 99, 102) According to Helander & Möller (2007, p. 723) the customers in a system supply setting also find protection and honesty important in the relationship. Protection means that a supplier may refuse to do something or suggest another supplier's components if they are better for the customer. In a long-term relationship the customer basically expects honesty from the supplier. When the value proposal is that of customer intimacy the supplier should be able to substantiate the benefits that relate to the relationship to the customer.

For the case company in this thesis, both product leadership and customer intimacy might be possible value proposition types, depending on the customer type. In Figure 13 there is a radar chart displaying possible choices of value proposition for various customer types of the case company, made for this study. The scale in the figure is from one to four. Four means that the primary focus is on that value proposition, for three the company is at the high end of the threshold standards and for two the company is at the low end of the threshold standards. In the figure the value proposition for the ship owner is being the best business relationship in response to the needs of the owners. The shipyards are offered the best deal in

response to their particular needs and the offering for the suppliers is that of a best project. The figure is a rather simplistic presentation of a complicated matter and should be treated as such. However, the radar chart might be a useful tool for evaluating the value proposition to the customer.

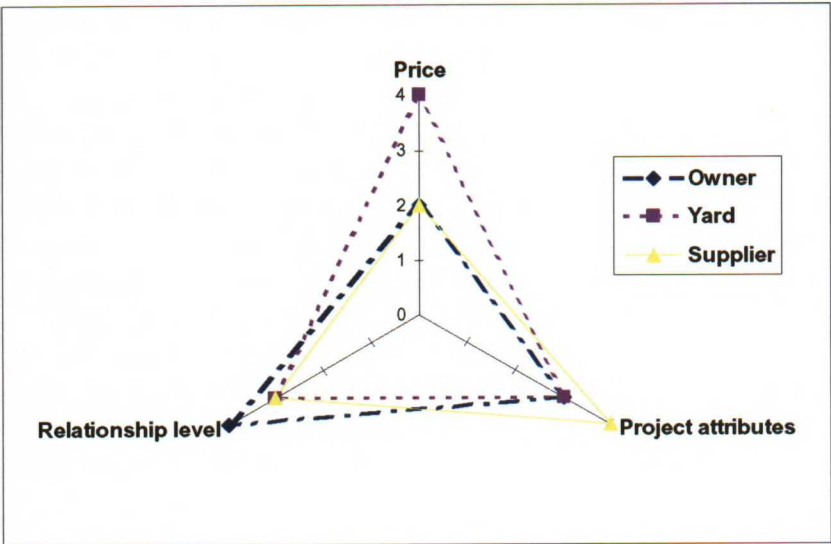


Figure 13 Radar chart displaying possible value proposition choices for different customer types. (Based on example by Scholey 2002, p. 16)

As mentioned earlier, a marine project usually consists of a network of interrelated customers, some of whom may be actual clients of an engineering company. Cova & Salle (2008, p. 276) propose the following steps when processing a customer network value proposition. First both visible and invisible actors in the customer network should be identified. Then the actors in the customer network should be targeted by means of a selection basis. In the third phase the mobilizing factors of the targeted actors need to be identified. In the fourth phase approaches for the targeted actors should be plotted. Finally a value co-creation approach for each actor should be established, possibly integrating the supply network in the process. The problem in a multi-customer environment is that it could be difficult to align the value proposition with several different customer strategies. Possible solutions could be that the value proposal is based on the customer composition in the network or that one of the customers is clearly chosen as the main customer to whom the value proposal is tailor-made. It might also be possible to separate the value propositions in a project in such a way that each customer has their own value proposition.

3.2.2 Value Innovations

As long-term industrial relationships are created and sustained by delivering superior value to the customers, maybe value creation should be something more than just aligning your strategy with that of the customers. Maybe the customers should get something more than merely what they ask for. Kim & Mauborgne write in their book *Blue Ocean Strategy* (2006, p. 244-245) about companies that choose not to compete in the existing markets, but decide that there are unanswered customer needs that are just waiting to be discovered. These companies try to create value innovations that would enable them to answer this latent demand. Instead of concentrating on what the competition does, these companies concentrate on the demand and what undiscovered needs customers might have. A value innovation strategy is defined as a *"focus on making the competition irrelevant by creating a leap in value for buyers and your company, thereby opening up new and uncontested market space."* (Kim & Mauborgne 2006, p. 33) Value innovations are discovered by observing the situation outside existing competitive structures and these structures are then utilized when different market elements are reorganized and moved to a new position that raises demand to a new level. The idea is that existing markets are broadened and new markets created through these value innovations. The value innovation is created or re-constructed from the elements that bring value to the customer. The case company aims to work in this way and such a way of working requires cooperation with innovative customers as well. Some of the customer types, such as the owners, can be seen especially attractive as companions in developing these value innovations. (Kim & Mauborgne 2006, p. 244-245) In the shipping industry the understanding of customer needs means that the supplier needs to understand the lifetime costs as well as value in use of the product.

A value innovation strategy is hard to duplicate by competitors, at least within a short time period. The main barrier is that the value innovation is often contradictory to traditional company logic and such a strategy may therefore clash with the brand image of existing companies. It may also be that the new market that has been created will not have room for other players. When the value innovation truly is based on the needs of the customers, the large volumes, that are to be expected, will create fringe benefits for the company that has made the value innovation and barriers of entrance for others. Also imitating such a strategy will require substantial changes for any company trying to enter the market. Lastly the company that creates value innovations will enhance their brand, increase its reputation and gain a clientele that will shun imitators. (Kim & Mauborgne 2006, p. 220)

Möller & Törrönen (2003, p. 111-114) describe value creation on a relational value spectrum. See Figure 14 for the spectrum. On the left side of the spectrum value creation does not require any major adaptation or innovation. In the middle where there is value-adding relational value production if the supplier adapts to the

customer's processes and improves them the relationship costs are reduced. However, the right side of the spectrum is the one where radical innovations bring added value to the relationship and open new business opportunities. In a business-to-business marketing setting the value innovation process will require cooperation with the customers to identify the needs and define the customers' problems in a new way. Then the value elements are jointly re-organized to create value innovations that will bring the strategy to a new level. (Kim & Mauborgne 2006, p. 246)

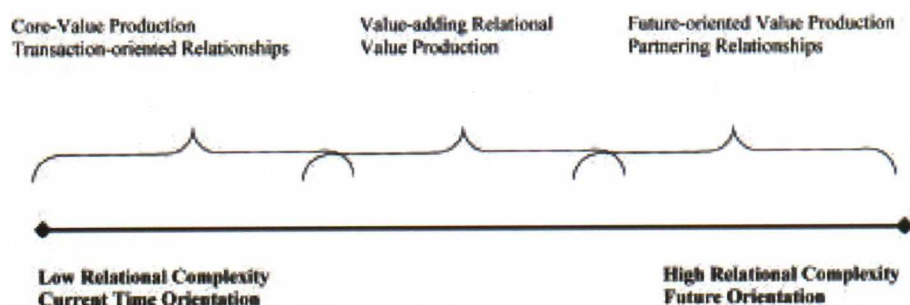


Figure 14 The relational value spectrum (Möller & Törrönen 2003, p. 113)

3.3 The Theories Behind the Marketing Decisions

Traditionally marketing activities have been described within the concept of the marketing mix theory (Borden 1984, p. 7-8). Although the concept has been criticized to be unscientific and too limited (Grönroos 2002, p. 130-134), it can be used as a way to categorize traditional marketing functions. The marketing mix was developed for customer goods and can therefore not be used for the project-based firm selling to business customers without hesitation. However, the marketing mix is a mix of various methods and views, as can be inferred from the term. Therefore its application in a different context should be quite possible. The traditional marketing theory is referred to as the transactional theory in this thesis as that is how it is named in some literature.

The term relationship marketing has been introduced much later. The term was introduced in the mid eighties although the thoughts behind it were developed in the late 1970's and early 1980's. (Grönroos 2004, p. 99-100) The idea is simply to establish and maintain relationships between sellers and buyers in the marketplace. Naturally the idea in itself is not new, but relationship marketing established itself as an antipode for the marketing mix, which is described as a list of categories of marketing variables by the developers of relationship marketing. (Grönroos 2002, p. 130, 138) One of the advantages of relationship building is that committed relationships are hard to duplicate by competitors and they therefore provide a lasting competitive advantage (Day 2000, p. 24).

Alajoutsijärvi et al. (2000, p. 155-156) have made a study of the marketing challenges of small expert organizations selling projects. They indicate that the choice of point of view between the marketing mix theory and the relationship marketing school of thought is not an easy one. It has been indicated that the transactional theory might be better suited for attracting new customers, whereas the relationship theory would be better suited for retention of existing customers. Although Alajoutsijärvi et al. are of the opinion that the marketing mix theory is impossible to use in project business as tailoring is impossible without customer cooperation, they still maintain that sometimes simultaneous use of both marketing theories might be useful. (Alajoutsijärvi et al. 2000, p. 157) Actually Jancic & Zabkar (2002, p. 663-664) see the two approaches as parts of the same whole. They, however, warn against using separate marketing processes for separate customers as the company in their opinion then loses an overall marketing philosophy. Day (2000, p. 24) again is of the opinion that close relationships are not appropriate or necessary with certain customers or companies.

Whether the marketing mix should consist of transactional tools or relational tools or both, depends very much on the customer and the type of service offered to the customer. According to Boyt & Harvey (1997, p. 296-297) the supplier should use mass media and public relations when trying to market elementary services, however, according to the interviews this approach was not at all effective for marketing of detail engineering services, which could be categorized as the elementary service of the case company. For intermediate services the supplier should use the same techniques as for elementary services but personal selling might also be useful according to Boyt & Harvey. Intricate services again should use personal selling and sales promotion and they could benefit from public relations according to Boyt & Harvey. According the interviews it seemed that all the services offered by the case company benefit from a personal selling approach, although directed use of mass media and public relations were also seen as effective. Another aspect that helps decide what theory to use is whether it is a question of acquiring new customers or keeping current customers. The transactional theory may be used in attracting new customers, but it might not be very effective with current customers.

3.3.1 The Transactional (Marketing Mix) Theory

Since Borden (1984, p. 7-8) in the 1950's introduced the concept of the marketing mix, it has become a term to include all the procedures and the policies marketers undertake to enhance the profitability of a company. Borden's concept included a list of the elements included in the marketing mix of the manufacturers as well as a list of market forces affecting the mix. (Ibid. p. 9-10) Project research indicates that a project mix should consist of a "package" mix consisting of the offer to the buyer, a relational mix and a strategic mix. The offer can consist of a technical solution,

price, local experience, partnerships, financing and other additions, such as local content or technology transfer. (Welch 2005, p. 291-292) Some of the offer aspects will be addressed in the following presentation of the marketing mix theory, whereas the relational mix is discussed in Chapter 3.3.2 and the strategic mix is naturally discussed in connection with creating a marketing strategy.

McCarthy (1964, p. 313-874) lifted Borden's list of the elements to a more coarse level and that classification became known as the model of the 4 P's. The four P's are groups under which the marketing tools could be classified: product, price, place and promotion. In Figure 15 the four P's and their relevance to the company, that is the subject of this study, is depicted.

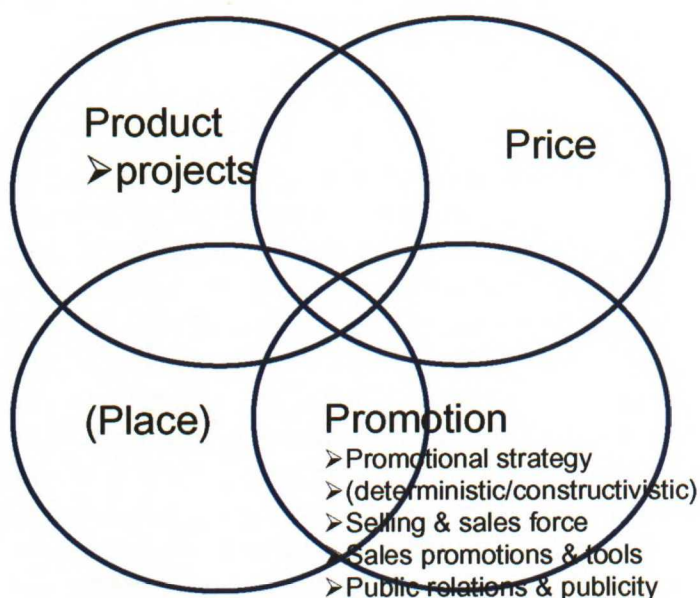


Figure 15 The four P's accommodated from McCarthy 1964.

The place is also to larger parts irrelevant for a company that produces intangibles. Drawings or reports can be delivered to global customers with the push of a button and thus transportation and distribution channels have lost their meaning. The company does have presence in the Far East where the global shipbuilding market has transferred during the last decades. It could be reasoned that local presence is required although the deliveries could be made virtually. Local presence is interesting at least when it comes to promotion. Sometimes the offer also needs to contain local experience and content (Welch 2005, p. 291). The rest of the four P's (Product, Price and Promotion) will be addressed in the following presentation.

3.3.1.1 When the Product is a Project

The most central part of any economical venture is the product. In this specific case the product is a project. The products that the company offers are very different, but all are categorized by being intangible, delivered to business customers and including a set of activities meant to reach a goal defined by the contract with the customer. The technical solution and technology transfer are important parts of the product offering (Welch 2005, p. 291). The earlier analysis of the contextual factors for the firm led to the analysis that marketing efforts should be customer type specific. Regarding the products of the company this is quite natural, as one of the distinguishing factors for the customer types is the product type that they buy or are offered. The approach of offering solutions that allow the customers to choose the required level of service is one way of differentiating between the customers (Davies 2004, p. 736).

According to Kotler & Keller (2006, p. 19) the following aspects can be grouped under the heading product: Product variety, quality, brand name, services and warranties. (Only subjects that are of interest in the context of this work are repeated.) As mentioned earlier the product variety is different for each customer type. According to the company strategy the products should all be associated with high quality. In the case company quality certificates are displayed openly at the company's premises and customer opinions of the products along with self evaluations are gathered on a regular basis.

The brand name in this case is not related to a specific product but it is the name of the company. According to Dawar (2004, p. 31, 37) consumer disaggregation has lessened the meaning of brands. When consumer relationships can be created by other means than through the brand, and to a more selected group than with the brand, what are brands needed for? One reason may be that brands are still an excellent way to both develop and communicate a differentiated value proposition to the market. The project is normally attached to and dependent of one or more people both during the sales and project execution phases. The company brand is then the unifying factor for all that the company produces, namely its value proposition. In essence it can be a promise of quality, innovativeness and strategy alignment with the customer. Alajoutsijärvi et al. suggest that brands are a tool to reduce uncertainty and risks perceived by customers, especially in an international context (2000, p. 157).

One of the changes that the case company is experiencing at the moment is the introduction of a life-cycle approach to the product palette. In the case of the engineering company the life-cycle approach may include the service of creation and maintenance of a 3D model of the customer's ship, barge or other product that the company has designed regardless of owner. The providing of such services separates the company from many of its competitors and is one tool for marketing.

The final products that the company designs are often exceedingly costly and warranties related to the performance of final products are not generally given by engineering companies in the marine business. Warranties are normally given by the shipyards, which then if possible, will try to get damages from the designers. Depending on the previous, current and possible future customers of the engineering company, such cross claim situations can be very difficult for the engineering company and in order to avoid such situations the importance of quality control cannot be enhanced too much.

3.3.1.2 Pricing of Expert Services

The price level of certain products of the case company, such as concept development and e.g. environment and safety related products, is high as their cost structure is influenced by the fact that much of the work is made in high cost countries. Detail engineering on the other hand can be completed in the network at a lower cost. The price is actually strongly tied to product quality, as the customers must be convinced that the quality is high enough to compensate for the possibly lower prices of the competitors. Discounts to priority customers and payment and credit terms can also be used as marketing tools. In larger projects financing is also an option in the pricing palette, although as the projects are often rather costly, it is not one easily used by a medium sized Finnish company such as the case company. The price is mainly determined by the cost structure of the company and the revenue goals given by the management but most of the time there are possibilities to determine a suitable price level based on the pricing strategy.

There are several possible pricing strategies, that all result in implications to the marketing strategy as well as choice of marketing approach. In a **skimming** strategy a higher price can be used for new intricate services with limited competition whereas **low-cost** and **penetration** strategies offering services to a lower price through lowering production costs or to just enter a market can be used for more price sensitive services. In **differential pricing** there can be different prices for a service based on elasticity of the segments. **Competitive pricing** or pricing at market level again may be used to meet competition. Product or **line pricing** is used to differentiate between product lines. For example for an elementary service competitive pricing might be a wise price strategy. (Boyt & Harvey 1997, p. 297)

When marketing larger projects that last through the life span of the product (ship or offshore platform), pricing can be used as a means to enter the project (penetration strategy). Conceptual design may be priced lower, because additional contracts on the project are expected to bring in revenues later (Reen et al. 2009, p. 5). This is complicated by the fact that in the marine industry the customer ordering the conceptual design is rarely the same customer that orders the more detailed design or life cycle services later. Therefore the company needs to build the concept in such a way that they may be seen as the most credible or competent provider of

later services or in the best scenario the only possible provider of services for the particular concept that they have built. In this respect a conceptual project can be seen as an integral part of marketing. Actually Reen et al. (2009, p. 5-6) go as far as to claim that marketing such larger services requires the design of new pricing mechanisms that support the service pricing strategies of the company. The study indicates the cost-oriented mindset of service providers as an obstacle to service pricing. (ibid., p. 2)

Another pricing mechanism that can be used when marketing new products for the customers is performance-based pricing methods. If the value proposition is not clear to the customer, the supplier may offer to show the added value by means of performance guarantees or performance-based pricing. (Reen et al. 2009, p. 6) This kind of pricing is especially useful in connection with products that will bring clearly measurable added value to the customer, but are so new that it is difficult to convince the customer of their usefulness. The problem might be to find the suitable criteria by which the performance is measured as well as collecting data before and after the application of the new product. Service bundling may also be used. This means that intricate services may be bundled with elementary services. It might ease the sales of the intricate service and increase the price of the elementary service. (Boyt & Harvey 1997, p. 297)

3.3.1.3 The Promotion in Multi-Customer Projects

Kotler & Keller (2006, p. 19) again give some examples of what could be discussed under the subject promotion: Sales promotion, advertising, sales force and public relations. Again the themes have to be looked upon based on the project view and it is also essential to remember the fact that the customers are industrial buyers. Filiatrault & Lapierre (1997, p. 220) showed in their research that personal contacts and referrals are an integral part of business-to-business marketing in professional service firms, such as engineering companies. This means that a sales force with personal sales relationships and reference projects are of high importance. This is also supported by the interviews.

The sales force in knowledge intensive companies such as the case company, needs to have highly differentiated professional skills and capabilities. (Möller & Rajala 1999, p. 522) The question is whether the company should seek sales personnel with technical knowledge on all of the products, or if the technological sales support can be organized in such a way that they are an integrated part of the sales force. The more complex the solution offered to the customer is, the more important it becomes that specialized parts of the organization are involved in the marketing and sales. It seems that the sales force should master the technology, understand the customer's business and have the competence to both market and implement the product or products. Clearly a team effort might be needed at times. In essence the marketing function could be the function that integrates other units within the

company, which need to be involved in the marketing effort. (Möller & Rajala 1999, p. 525, 533) One must also remember that in some countries and cultures it is very difficult for an outsider to enter the social networks, which means that local sales force or representation might be needed (Welch et al. 1996, p. 596-597).

When thinking of sales promotion and advertising, traditional advertising campaigns that target a wide audience are clearly not the way an engineering company like the case company should handle their promotion. In recent years, mainly because of the relationship marketing theory, new ideas have been brought forth in advertising. Focusing on business relationships has put an emphasis on the need for **interactive** promotion instead of merely sending out material or advertising towards the customer. Another current trend in promotion, advertising and public relations is the **virtualization** of the promotion. Internet, e-mail and various virtual networks have changed marketing profoundly in the past couple of decades. The main problem for the case company seems to be how to incorporate these principles into their marketing keeping in mind the small budgets of a medium-sized Finnish company. Virtual marketing is of course generally cheaper as there are no printing costs and the reachability is currently the whole world. The problem could be in the traditional outlook of the marine customers. The marine market is conservative and cautious and sticks to old ways of doing things. Interactivity in marketing and involving the customer is easier to achieve with cheaper products such as cars (Volvo) or kitchens (Ikea) than in a ship project. It is difficult to imagine that a ship owner would configure the basics of their ship on-line and then request a quotation for the design of the configured vessel.

Of the traditional advertising methods the case company uses brochures and some ads in relevant marine magazines. As a new promotional method, the company uses several articles written on different products or services to different customers by an outsider. The articles are written for different marine magazines and can therefore be seen as reliable sources of information by the customers. Quarterly or yearly bulletins are often used by the bigger players in the marine market and they could be used to inform clients on new products or services as well as new references. The only problem is the fact that with limited marketing personnel the production of written articles to the bulletin might prove quite challenging. In a market where professional credibility and experience is everything, reference lists for various products are probably the most used promotion material along with the brochures according to the interviews. Regarding the brochures and promotional presentation the difficulty in an engineering environment is to make commercial rather than technical claims. The same problem can be seen in the current web page layout, where the structure is product focused rather than customer focused. Conferences and exhibitions are a traditional way of making contact with the customers. Customer focus could also be enhanced at the conferences instead of merely concentrating on the presentation. The list of visitors should be the main tool and possible contacts could be planned in advance instead of merely focusing on own presentations.

Virtuality is often understood as meaning Internet networks and e-mail messages to customers. E-mail is currently so widely used that it has lost its original purpose as an interactive media at least in a marketing context. Promotional messages are frequently filtered and directly sent to trash. Telephones should therefore be the preferred media of communicating with clients as a telephone conversation enhances the personal connection with the customer. E-mails are best for confirmation and definition purposes, so that the conversations are documented and mutually accepted in a written form. The case company has currently no official policy on virtual networks and their use is therefore restricted to those who are interested in using them. The strength of these networks lies in their informality, but that does not mean that they could not be used for promotional purposes as well. For example a company may promote something that will be presented at a conference or an exhibition in a discussion thread on some of the business networks. There are also new types of networking events, such as "Meet the buyers forums" etc. for interesting countries in the Far East like China and India. At these events an external party offers the possibility to meet a selected group of customers and shortly present the company to these customers in a given market area against a fee. However, personal visits might be at least as effective as these forums. This type of events might be most useful for companies with no previous contacts in the given country and very small resources to find out whom to meet.

The case company has an excellent case of a service offering that marketing wise fulfills the criteria of virtuality and interactivity. The offering is to store and maintain the ship's technical documentation on line for the customers. The fees for the service are low but the main idea is to promote further safety, energy, environment, functionality and cost efficiency services related to updates or changes in the documentation. The application is web-based and customers can use the service themselves. When planning promotional activities, it is important to have a different approach with different tools for different customer types. Currently the main groups of promotional material are: new-buildings, conversions and offshore.

3.3.2 The Relational Marketing Theory

Grönroos (1990, p. 136) formulates the definition of relationship marketing as follows.

"Marketing is to establish, maintain and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties are met. This is achieved by a mutual exchange and fulfillment of promises."

He adds that the relationships are usually but not always long term. If we include in the definition the aspect of a long term relationship, we come very close to project

marketing. The question is merely how the mutual exchange and fulfillment of promises is achieved in the time between projects.

Grönroos describes the customer relationship life cycle as a circle, starting at the initial stage, where the interest is either awakened or not. The purchasing process then leads to an accepted promise or rejection of offer. During the consumption process the customer receives the total service offering of the supplier including all the intangibles related to the product, such as possible in time delivery, good project management, attitudes of the supplier's employees etc. All of these factors lead to perceived service quality, which if experienced as positive may lead to repeat purchase. (Grönroos 1990, p. 129-131) If a more current terminology would be used, the promise of the supplier could be called value proposal. It should be noted that this model is mainly for a consumer relationship as our case deals with business-to-business customers. In large marine projects a positive service quality does not necessary lead to repeat purchases at least in the short term.

3.3.2.1 Different Views on Marketing Communication

The customer relationship is at the heart of this theory and therefore all communication in connection with that relationship is the core of the marketing effort. This theory gives guidelines to marketing communication, in a similar manner as the marketing mix provides categories to be considered. The guidelines are as follows:

1. Direct communication efforts to employees
2. Capitalize on word-of-mouth
3. Provide tangible clues
4. Make the service understood
5. Communication continuity
6. Promise what is possible
7. Observe the long term effects of communication
8. Be aware of the communication effects of absence of communication.

(Grönroos 1990, p. 166)

Direct communication efforts to employees refer to the fact that employees are a so called "second audience" to any marketing efforts and involving the employees enhances their role and increases their motivation. The meaning of good word-of-mouth is of course not lost to anyone, but it can also be used consciously by employing the word-of-mouth as an objective reference. When the product is intangible, as it is for an engineering office, it is important to exemplify the product in some tangible way. In offerings that include new services it is also essential to

clarify the content of the service to the customer. For complex or new products the communication needs to be continuous because the message sometimes needs to be repeated several times to be understood by the customers. Promising more than one can deliver is quite common in traditional marketing, but if the marketing relationship is seen as continuous it is dangerous to promise something that can't be delivered. Also when the difference between the customers' expectations and their experience increases, perceived quality decreases. Not being able to keep promises causes bad word-of-mouth and especially in a market where the actors interact freely it can have harmful long-term effects. When problems occur, companies generally tend to be quiet about them for as long as possible. However, according to research this is not the best way to deal with a situation (Haikkola 1997, p. 75-76). (Grönroos 1990, p. 166-168)

The marketing communication can also be divided based on the sources of the message. There is **planned marketing communication** that promises how the supplier's solutions to the customer will work. The **product messages** include for example lay out, technical features and product quality. The **service messages** on the other hand consist of interactions with the supplier's processes, such as the customer service process. **Unplanned messages** can have a great influence especially in the marine market and they include things like news stories, gossip and word of mouth. As mentioned earlier **absence of communication** is also a distinct form of communication and has at least in the past been a common problem in Finnish engineer dominated companies (Haikkola 1997, p. 36-37). All these sources create the brand message and as mentioned earlier not all of them can be controlled. In the minds of the customers planned marketing communication has the lowest credibility whereas unplanned messages have the highest credibility. (Grönroos 2004, p. 105-108)

In the case of a company offering expert services, the knowledge transfer is crucial as mentioned earlier. According to Lehtimäki et al. (2009, p. 6) the marketing communication in projects can be divided into convincing through concretization or through interaction. As examples of concretizing communication Lehtimäki et al. propose firm reputation (which is very close to brand reputation), reference lists, visits to the supplying company, simulations and demonstrations. To add to this approach, which is based on core technical knowledge of the company, project specific technical knowledge such as reference site visits may be used. When there is project specific customer knowledge the company may develop a unique solution for the customer need. The communication through interaction consists of reports, discussions, meetings and negotiations. To add the project specific approach, articulation of the problem and proposed technical solution with its benefits will enhance project specific marketing. When there is project specific customer knowledge the supplier will have learned to know the buyers and may be able to articulate the customer's needs and how the solution answers to those needs. (Lehtimäki et al. 2009, p. 6)

Internal marketing to the employees is seen as important in the relationship marketing school of thought. This is understandable when considering that relationships between companies always exist on an individual level, namely one employee to another. When both the product range and the market area have experienced such great changes, as is the case of the engineering company that we are observing, it is quite clear that the personnel needs marketing communication as well. Actually research has indicated that increased project complexity demands a more customer-centric organization (Wikström et al. 2009, p. 115). In the literature internal marketing is divided into two aspects: attitude management and communications management. The attitude management aspect deals with the motivation and attitudes of the employees aiming at more customer conscientious and service minded employees. The communication management again deals with communicating marketing and sales promises, product features as well as customer's needs and wishes etc. (Grönroos 1990, p. 223-225)

The customer-centric organization makes sure that its culture, structure, processes and financial metrics are centered on customers. It is also important to develop learning relationships with the customers. (Wikström et al. 2009, p. 115-116) Galbraith (2002, p. 196) compares product-centric and customer-centric companies. According to him product-centric companies try to find as many uses and customers as possible for their products as customer-centric companies try to find as many products as possible for their customers and integrate them as well in the process. The entire organization should be engaged in this process (Day 2000, p. 29). The case company has moved in this direction but the customer-centricity of the personnel may not have followed the development completely.

According to Möller & Rajala (1999, p. 524) marketing activities in industrial high-tech firms are primarily carried out by three units: product management, field sales and customer service. Boyt & Harvey (1997, p. 297-298) divide the people involved in the providing of service into three levels. The people on the first level are providers of "ancillary" services, such as receptionists. The second level of service providers consists of sales and technical staff and the third level of the management. The importance of the first level as the direct phase towards the customer is enhanced. Internal marketing should be embedded in all the phases of the marketing process in a way that enables the employees to feel as active participants in the process. Another part of the internal marketing is the collection of market and customer knowledge from the employees. Buyer-seller relationships are mostly person dependent and to enable the flow of information to the company and its codification, customer relationship management (CRM) systems are often used (Lehtimäki et al. 2009, p. 8). Zablah et al. define CRM as:

"An ongoing process that involves the development and leveraging of market intelligence for the purpose of building and maintaining a profit-maximizing portfolio of customer relationships." (Zablah et al. 2004, p. 480)

The tacit knowledge within the company needs to be transferred to an explicit form and CRM might be the tool for that. One other use for CRM systems could be that they might help identify the most valuable customers.

3.3.2.2 Relationships in Networks

In the marine business many of the people remain the same even if their employer would change. This enables the creation of long-term business relationships even without business transactions. The business network consists of these individual relationships and ties that the actors in the milieu have with each other. The interpersonal relationships are described to be of different types. Some relationships are characterized by a mutuality of interest. In this case the social ties serve the economic relationship. One of the relationship types is described as based on reciprocity. Episodes in this relationship are described as exchanges. The favors that are exchanged can also create a so called mutual debt. In this case the debt does not have to be settled as in the case of a reciprocal relationship. The relationships can also be purely social, where discreet business transactions can occur. Individual relationships can switch between the different types or be of several types simultaneously. (Cova et al. 2002, p. 99-100)

Some researchers have dwelt into the power distribution of marketing relationships. According to the theory, if one party is unable to reciprocate in a relationship, it becomes indebted and inferior to the other party. Jancic & Zabkar (2002, p. 661-662) have grouped the relationships based on whether the exchanges are reciprocal or asymmetric on one hand as well as nearness of participants on the other hand. If the exchanges are impersonal and asymmetric, they are power relations where the one holding the power uses and possibly abuses it and there is no real need for marketing. When the asymmetric exchanges are personal, the situation is a sales situation where one side is more interested in making the sale than the other. The conventional marketing exchange, where each value has a monetary counter value is described by a situation where exchanges are reciprocal and impersonal. Personal exchanges that are reciprocal lead to a marketing relationship with intrinsic values among the partners. (Jancic & Zabkar 2002, p. 661-662) Day (2000, p. 24-26) looks at the same thing from another perspective. He divides exchanges into transactional exchanges, which are anonymous and collaborative exchange, where there is collaboration and integration of the supplier. Between these two extremes he sees value-adding exchanges. He sees collaboration with customers as especially important in business-to-business markets. The marketing should in his opinion be based on the nature of the exchanges.

There are two main schools of thought regarding the reasons for relationships and networks in a milieu. The utilitarian school of thought considers relationships as purpose driven. The suppliers evaluate the milieu and choose which relationships to

target. If the relationship is seen as mutually interesting, it will be formed. The non-utilitarian school of thought consider it impossible to manage networks as their strength lies in the fact that they are neither planned or managed. The thought is that networks and relationships are based on friendship and trying to organize them will destroy them. (Cova et al. 2002, p. 101-102) However, as with the different relationship types, the motives and behavior in a relationship rarely stay the same throughout the duration of a relationship. Relationships may be utilitarian at times and non-utilitarian at other times. The reasons behind it are hardly as important as the relationship itself.

According to André sen et al. (2008, p. 15) ship owner customers found added value in the company's interactions with the other customer, or customers. The need of co-creation of value in the network makes the multi-customer approach more important. The marketing to one customer type never happens in a vacuum. The marine milieu is a closely-knit network of actors whose roles change from one project to another. Tools that can be used in this kind of multi-customer network include:

- ✓ building networks,
- ✓ creating strategic alliances and making partnership agreements,
- ✓ developing customer databases,
- ✓ managing relationship-oriented integrated marketing communications (Grönroos 2004, p. 100).

3.3.2.3 A Model for a Project Level Marketing Process

The actual marketing in a relational setting consists of three processes according to Grönroos (2004, p. 100). The processes are:

1. An interaction process, which is the core of the relationship marketing.
2. A planned communication process, which supports both the development and the enhancement of relationships.
3. A value process, which is the output of relationship marketing.

The interaction process consists of all interactions that the customer has with the company, its personnel and its products and services. Thus this process also includes communication as company representatives may frequently communicate with each other. The interaction with the customer consists of a series of acts that amount to episodes. Interrelated episodes create a sequence as the sequences in turn form the relationship (Holmlund 1997, p. 96). The planned communication process only includes communication through communication media, such as advertising, the internet or sales calls. The goal of the communication process in relationship marketing is to turn the planned communication into two-way communication more often, so that there is a response from the customers. The main goal is that all planned communication should be a part of a planned on-going

process. The relationship theory should create added value to the customer over the duration of the relationship compared to separate episodes. This process of value creation is called the value process. (Grönroos 2004, p. 102-105)

The project marketing cycle was introduced in Chapter 1.6 as a process. Normally it is naturally a cycle, where the phases are repeated over and over again with some customers whereas the cycle might occur only once for others. Grönroos (2004, p. 101) describes the relationship marketing process as starting from identification of potential customers and establishing a relationship with them to maintaining and enhancing the established relationship and finally the termination of the relationship occurs in some cases. All the phases in the relationship require great care and they must be well managed. Figure 16 and 17 show the project marketing cycle and the relationship process respectively.

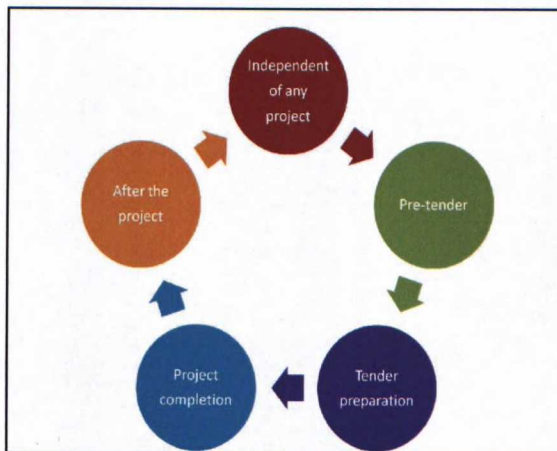


Figure 16 The project marketing cycle.
(Adapted from Cova & Salle 2004, p.10)

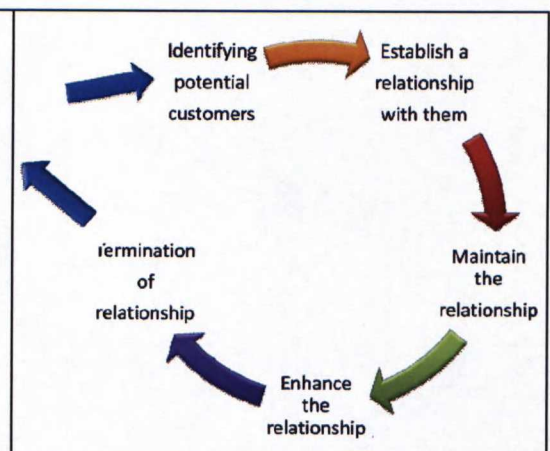


Figure 17 The relationship marketing process.
(Based on Grönroos 2004, p. 101)

The project marketing cycle is very focused on projects whereas the relationship marketing process brings in the important aspect of customers and puts the relationship to them at the center field. When these two theories are combined, a relationship approach to project marketing emerges. In practice the project marketing process often focuses on social contacts on a personal level (Welch et al. 1996, p. 580). Tikkanen et al. (2006, p. 195-196) acknowledge the need for a joint approach. They maintain that there are two levels of relationship management in project marketing. The first level is on the level of individual projects and the second level is the company level that is independent of projects. As Tikkanen et al. (2009, p. 3) note, the project management activities of the company are strongly intertwined with the project marketing process. The relationship cycle addresses the company level as the project cycle deals with the project level. For the combination see Figure 18.

The relationship marketing phases might move from one project phase to another or cover several phases, so the picture is not entirely accurate. It could for example be that it takes an entire project (or even several) to establish a relationship with the customer and the maintenance of that relationship will occur in consequent projects. Actually, Ahola et al. (2006, p. 57) discovered that acquiring an initial project from a new customer is a process that consists of active development of inter-personal relationships to the customer organization, and this process may last several years. Therefore it is crucial that the company representatives involved in the initial projects with the customers identify new sales opportunities and opportunities for system enhancement with the customer. The relationship marketing process should be ongoing on a higher level during the project marketing process even if the relationship cycle would move at a much slower (or sometimes faster) tempo than the project marketing cycle. Project marketers sometimes tend to forget to focus on the long-term relationships as they concentrate on acquiring projects (Tikkanen et al. 2006, p. 196).

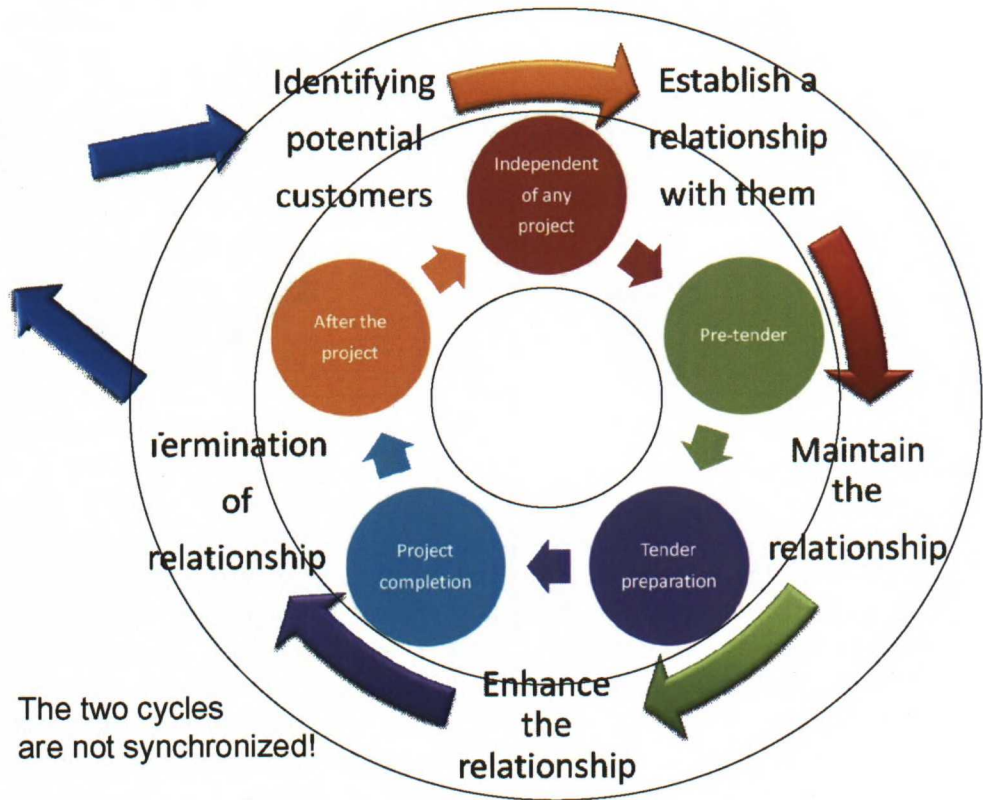


Figure 18 Joint project and relationship perspective. (Adapted from Cova & Salle 2004, p. 10 and Grönroos 2004, p. 101)

While the general process has been established, the interesting question of marketing activities during the different phases still remains. Lehtimäki et al. (2009, p. 3-5) researched the subject of project marketing in demanding technology

transfer projects. Although the solutions in their case project included hardware and thus differed from the case company, some of the marketing problems seemed to be very similar as for the case company. As already mentioned in Chapter 3.3.2.1 the marketing activities are divided into **convincing through concretization** and **communication**. The company's technical, project specific and customer knowledge as well as combinations of these should be used in the convincing of the customer. (Lehtimäki et al. 2009, p. 7) Table 7 summarizes the findings in such a way that project marketing aims and activities along with a knowledge management approach are assigned to each of the project marketing phases.

Table 7 Project phases, knowledge management strategy and related marketing activities. (Adapted from Lehtimäki et al. 2009, p. 7)

Project marketing phases	Independent of any project	Pre-tender	Tender preparation	After a contract
Aim of project marketing	Raise interest among potential customers	Raise customer interest among potential project customers and build trust on firms capabilities	Build the customer's trust on firm's capabilities and get the customer committed to sign a contract	Retain and develop trust and commitment to keep up a good business relationship
Knowledge management approach	Concretize and communicate customer and technical core knowledge	Concretize and communicate customer and technical core knowledge Create and utilize project specific technical and customer knowledge	Concretize and communicate customer and technical core knowledge Utilize and create project specific technical and customer knowledge	Retain all core knowledge Retain and utilize project specific customer knowledge if not a one-off project
Project marketing activities	<p><i>Concretize:</i></p> <p>Technical reports Laboratory visits Product demonstration and trials</p> <p><i>Communicate:</i></p> <p>Firm reputation Lists of references Marketing materials Customer education Clarification of product advantages All interaction with potential customers</p>	<p><i>Concretize:</i></p> <p>Technical reports Laboratory visits Product demonstration and trial</p> <p><i>Communicate:</i></p> <p>Firm reputation Lists of references and reference visits Marketing materials Clarification of product advantages Customer education Getting to know the buying center Getting to know the specific customer needs and characteristics Articulation of the customer needs All interaction with potential customers</p>	<p><i>Concretize:</i></p> <p>Product demonstration and trial Reference visits Laboratory visits and tests</p> <p>Developing a solution for the customer need</p> <p><i>Communicate:</i></p> <p>Clarification of product advantage Product education and training Articulation of the problem and the proposed solution Influencing the buying center All interaction with potential customers</p>	<p><i>Concretize and communicate:</i></p> <p>Information generation on product performance Product support Problem solving assistance</p>

When laboratory visits are replaced by company visits and product demonstrations and trials ignored, the model could very well function as a list giving guidance for the case company in the various stages of project marketing. When there is not any project yet, the aim should be to raise interest with the customer. As the table shows, this can be done by concretizing technical knowledge for example through reports and company visits. Firm (and brand) reputation as well as reference lists can be used to convince through communication. During pre-tender and tender phases the customer's trust on the supplier's abilities should increase. The means to this are rather similar as in the first stage but the focus should be on developing a solution to the customer need and communicating this to the customer. The table does not include the duration of the project in the stages, which can be seen as a shortcoming. The project should be the stage during which the customer is

convinced of the abilities and knowledge of the supplier through actions. After the project the goal should be to retain and develop the trust of the customer further. In many cases the customer may place orders for a subsequent project based on an initial successful project (Ahola et al. 2006, p. 59, 63). However, it should not be forgotten that the knowledge gathered during the project (including and especially customer specific knowledge) should also be retained. In this stage the support and problem solving assistance may be the most important marketing activities. (Lehtimäki et al. 2009, p. 7-8)

In contrast to the rather clinical approach presented by Lehtimäki et al., studies on the practices of companies similar to the case company indicate much less formalized methods of marketing. Morabito et al. (2005, p. 592) suggests organization of social events during the phase independent of any project as a way to either establish or maintain a relationship. Any contacts with the customers are strongly recommended during those phases. According to Laaksonen (2008) Metso Automation uses social events such as visits to the opera and events with high government officials, such as ambassadors, to improve personal relationships with key decision makers in the buyer organizations in Russia. Although these less formalized methods are seen as important in developing inter-organizational relationships, it is indicated that the primary means of developing inter-organizational relationships is through repetitive, successful project deliveries, where the project delivering firm can demonstrate their technical capability as well as their ability to adapt to the practices of the customer (Ahola et al. 2006, p. 65).

Filiatrault & Lapierre (1997, p. 216-219) have made research on professional services firms, such as consulting and engineering firms. They looked into the marketing management practices in business-to business projects and they ended up dividing the activities along the project cycle in a manner very similar to Figure 18. Filiatrault & Lapierre divided the project into four phases: before the project, at beginning of the project, during the project and after the project. According to the study customer organizations evaluate the quality of the bid, both contentwise and regarding presentation along with price **before the project**. Other important factors are the image of the supplier firm along with past experience of the firm. If there is no past experience, referrals play an important part. Personal contacts are also used to evaluate competence. In some cases proposals are not even requested from other companies as the customers were of the opinion that a familiar company may succeed in reducing the costs and completing the project more successfully (see also Ahola et al. 2006, p. 59, 63). The stage **at the beginning of the project** is important for relationship building. At this stage it is wise to assign responsibility of the project to one person on both sides. The company should also strive to create procedures and practices that help nurture relationships. The stage **during the project** is also important for the maintenance and enhancement of the relationships. Some consultants talked of the "transfusion" process, when the customer's employees come to the consultant's office and their own employees stay at the customer's production facilities. **After the project** the company should

be able to create a long-term relationship with the client. This is best achieved through regular follow-ups and visits. This phase seems to be closely related to customer loyalty. (Filiatrault & Lapierre 1997, p. 216-221)

To summarize the discussion of the relationship aspect of marketing, there are several benefits in long-term relationships with the customer. Ahola et al. (2006, p. 55) have compiled the potential benefits to a table, for benefits see Table 8. The empirical cases of Ahola et al. (ibid. p. 66) support these findings and demonstrate how the advantages are harvested in the marketing efforts of the case company depicted in their study. The result of developing and harboring inter-organizational relationships in their study was successful entrance in a new market (ibid. 52-53).

Table 8 Potential benefits of long-term inter-organizational relationships for project actors. (Ahola et a. 2006, p. 55)

Functional (related to task efficiency)	
Benefit	Example
Joint problem solving	Increased efficiency through solving problems in a mutually accepted way
Reduced malfeasance	Reduction of opportunistic behaviour
Transfer of fine-grained information	Access to information that enable to increase operational efficiency
Control benefits	Ability to affect the actions of those actors that one is connected to
Process innovation	Improved efficiency
Reduction of transaction costs	Reduction of monitoring costs Enables the use of more efficient governance modes
Relational (not directly related to task efficiency)	
Benefit	Example
Referrals	Increased project marketing success
Credibility	Actors may need inter-organizational relationships to certain parties to be considered as a potential supplier
Position in the network	Advantageous position in the milieu Ability to participate in project deliveries

All these relational benefits affect the marketing in a positive way, some directly and some indirectly. The functional benefits such as: joint problem solving, reduction of violations, innovations and reduction of transaction costs mostly relate to the project and therefore contribute to the success of the project, thus creating a positive referral. However, relational benefits such as access to fine-grained information and ability to affect the other organisation through contact person or people create direct advantages in marketing and sales situations. The importance of referrals in the project-based business and especially in the business of the case firm has been addressed previously. The credibility is an issue for the case firm especially when operating in the offshore segment, which is new to the firm. The

company's own position in the network as well as the positions of other participants in the network of the project delivering firm is important. The right network may greatly enhance the possibilities to successfully market the services of a firm. It can certainly be concluded that the positive affects of inter-organizational relationships are such that it would clearly be unwise to overlook these issues in the marketing process. Also the interviews in the case firm strongly support the importance of inter-organizational relationships for this particular case and not for merely project delivering firms in general.

3.4 Ways to Control the Implementation of the Marketing Process

The implementation of the marketing strategy of course needs to be followed up in some way. It is not enough that a company understands the needs of their customers and tries to align their value proposition to those needs as well as then communicates these efforts efficiently to the customers through some means of marketing. There must also be a possibility to change or reformulate the marketing strategy if the results are not satisfactory. There need to be clear and defined goals before any control can be exercised. Generally the efficiency of marketing is difficult to measure, especially in a business like the marine business, where market fluctuations are common and return on an irregular basis. Actually, even the measuring of the success of the project-based firm in general is difficult. (Tikkanen et al. 2009, p. 4).

A budget should always be included in the marketing plan and the keeping to marketing budget is surely a common procedure in most companies. The sales forecasts can also be determined and used as a measurement, although the link between realized sales and marketing is not always clear. (Kotler & Keller 2006, p. 61, 65-67) Market fluctuations can cause disturbances for both of these measurements. A very common measurement tool is the "hit rate", meaning project initiatives (sales projects) versus final sales. Customer loyalty and satisfaction are also often seen as performance indicators for project marketing. Marketers tend to follow conspicuousness percentages of the company or its brands in target groups. Actually every performance measurement needs a goal to be measured against. Relevant goals can be found on three levels. Goals on the level of individual projects may relate to customer satisfaction indices, on the level of the project portfolio of the company they could include loyalty of certain customer types and on the level of the firm desired hit rates etc. could be determined. The most challenging thing in performance measurements is the fact that all measurements should lead to corrective action but many measurements are so obscure that it is difficult if not impossible to see what possible cause of action could rectify the situation. (Tikkanen et al. 2009, p. 4)

Marketing effectiveness is often analyzed with two to three years of data in order to extract the seasonal effect (Wyner 2003, p. 7). However, this might not be a long enough time horizon for the marine market. A market trend coefficient might be usable in those situations. In analyzing the effects of a campaign, a suitable time period is a few months. Sometimes analysis can focus on specific customer types etc. A good way of finding a suitable way to measure effect is experimenting with different measurements and time periods as effectivity measures should be tailor-made to the company. (Wyner 2003, p. 7) E.g. as our case company would probably not use campaigns, short term measurements could be used to measure the effectiveness of articles in trade journals.

The most challenging thing in performance measurements is the fact that all measurements should lead to corrective action but many measurements are so obscure that it is difficult if not impossible to see what possible cause of action could rectify the situation. Deeper analysis of the data retrieved could maybe help to determine possible causes of various results. For example if the rate sales hours to ordered hours is very high, the easy solution is to decrease sales hours, but if the rate continues to be the same the results for the order intake could be catastrophic. It would be important to find the underlying cause for the high rates. Is it possible that large deals are prepared for the future? Are some parts of the sales personnel slacking? Is the market situation simply so exhausted that there are no deals available? Deeper analysis could mean investigating whether new or existing customers yield better lead order rates and how many hours are needed for the sales to both of these types. Another analysis might be to check the ratios for each sales person separately. The most important thing to remember is that there is always a natural time cycle between marketing and sales efforts and when the actual order will come and trends in the business may distort this cycle.

3.5 Synthesis of the Theoretical Model of the Marketing Process

Based on the literature reviewed there can be at least two interpretations to the concept of marketing process. The first process that was introduced was an organizational company level process describing the managing of the function called marketing in a given company. This process is described in Figure 8 and the process does not seem to need any modifications for the project-based firm. The contents of the various phases:

1. Analysis of the situation,
2. Creating a marketing strategy,
3. Marketing decisions,
4. Implementation and control of the marketing process.

The contents of the phases change based on the business as well as its characteristics and contextual factors, such as the multi-customer environment. The interviews as well as the literature provided many insights into what the requirements for each stage could be. This organizational process should permeate the entire organization. The analysis is mainly conducted by marketing with input from other organizational units. The creation of strategy is the task of the strategic management, whereas marketing decisions are probably made mainly by the marketing function. The implementation of those decisions can happen anywhere in the organization and control can be the responsibility of several functions or units such as for example controlling or marketing. Although the process should probably be continuous, some aspects of the process need a longer time horizon. It is for example not wise to aim to measure the success of a given marketing strategy after only a few months when the relevant decisions might not yet have been made not to mention their implementation.

The other marketing process presented in Chapter 3.3.2.3 can be more short term and is narrower in its application, as it does not run on a company level but on a project level. This project level marketing process has its roots in the project marketing process presented by Cova et al. (2002, p. 53) but has been modified based on the insights gained through the interviews. The process consists of project phases that are experienced as important from a marketing point of view. However, in order to shake up the very project centered view to the process given by Cova et al., the customer relationship phases by Grönroos (2004, p. 101) were introduced to the process. The result is a joint project and relationship perspective where the project marketing cycle is intertwined with the relationship marketing process. The process is depicted in Figure 1. This process is useful when looking at an individual marketing process for a project and can be helpful in analyzing a specific marketing effort both from a customer point of view as well as from a project perspective. This process, however, does not assist a company in its internal processes related to marketing.

One of the emerging issues in the analysis of the process was whether a transactional or relational theory to marketing should be chosen. Both theories are presented in the marketing decision phase, as the difference in theories is most apparent when making these decisions. The business of the case company is clearly better suited for the relational approach as it is business-to-business marketing in a market with rather closed circles. However, as indicated earlier, transactional marketing can be effective in attracting new customers even in such a business setting. The possibility to use both theories by considering what type of marketing is required in a given setting is therefore endorsed in this thesis.

4 Description of the Empirical Data with a Comparisons to the Theoretical Model

There are several ways to find out what the current marketing model of the firm looks like. It would have been possible to interview the employees involved in marketing on how they see the process. However, a case specific view was chosen for this stage of the research. One of the reasons was that it is exceedingly difficult to describe a process that one is a part of on a daily basis. On the other hand it should have been easy to describe what happened and who was in contact with whom during the early phases of a project and even before that. The problem lies in the fact that the marketing phase for this kind of projects may last several years and the participants in the process may find it hard to remember how the process began or proceeded.

4.1 Methodology

In stage two the information regarding the projects was mainly gathered by means of interviews although project material such as brochures, memos, internal presentations and other material in the company intranet and databases were also reviewed. The aim was to discover a causal event structure, including the main actors and the relationships between them, which would allow comparisons with the theoretical process characteristics described earlier. Most of the archived material that was found contained very little information about interpersonal relationships and was mostly contractual documents. The interviewees consulted their own meeting notes in some cases, but the handwritten notes were not otherwise studied. The interviewees were chosen based on recommendations of the management of the case company so that one or more people, who had been involved in the sales and marketing process of the project, were interviewed. Some of the interviewees were the same that were interviewed in stage one regarding the segments and customer types and in some cases the interviews were conducted simultaneously, so that subjects relating to segments and customer types were discussed first and the interview then proceeded to deal with the particulars in a given project. The interview questionnaire can be found in Appendix 2. There were all in all five interviews for stage two. For a list on the interviewees' positions in the company and interview dates, see Appendix 3. The interviews were conducted as semi-structured interviews and they were tape recorded and analyzed.

4.2 Case Projects

Four projects of different types, in different segments and with different customers were chosen for an in-depth analysis. The choice of projects was made at a meeting on 27 February 2009, where the firm's managing director, marketing and sales director as well as development services director were present. The aim was to get rather recent projects but for certain project types there were not many alternatives and for most of the projects the earliest contacts appeared in the beginning of 2000. The four projects are called Alpha, Beta, Gamma and Delta in the following presentation. The projects along with the products marketed are described in the following presentations. The terms product and service are used interchangeably in the case descriptions as the case company often refers to their services as products because all their products are actually services of different kinds.

4.2.1 Project Alpha

In project Alpha the product (actually service) is one of the newer products of the company. The idea is to improve the energy efficiency and thereby both the revenues and environmental friendliness of the customer's vessel. Basically it is a product that should be easy to sell to anyone, however, only a few of these service packages have been sold. The product consists of four modules that could be sold together or separately. The first stage is a statistical analysis of the specific vessel or an entire fleet indicating how big potential savings could be achieved. The second stage is a training session for the customers lasting anything between one day and a week. In the third stage there is a more thorough ship evaluation. Design material for the ship is studied and the case company representatives make a ship visit that lasts approximately one week to follow up usage patterns and record all related matters on board. In the final stage results of the analysis are presented. Improvement suggestions could include operational and technical suggestions. For technical upgrades or improvements a price is calculated and the pay-back times are indicated. Based on the analysis a cause of action or a road map is created together with the customer to plan improvement actions along with proper follow-up. The various stages can be offered separately or as a joint package. The idea is that the customer would see the benefit of the next stage after each completed phase. A graphical presentation of the product can be seen in Figure 19.

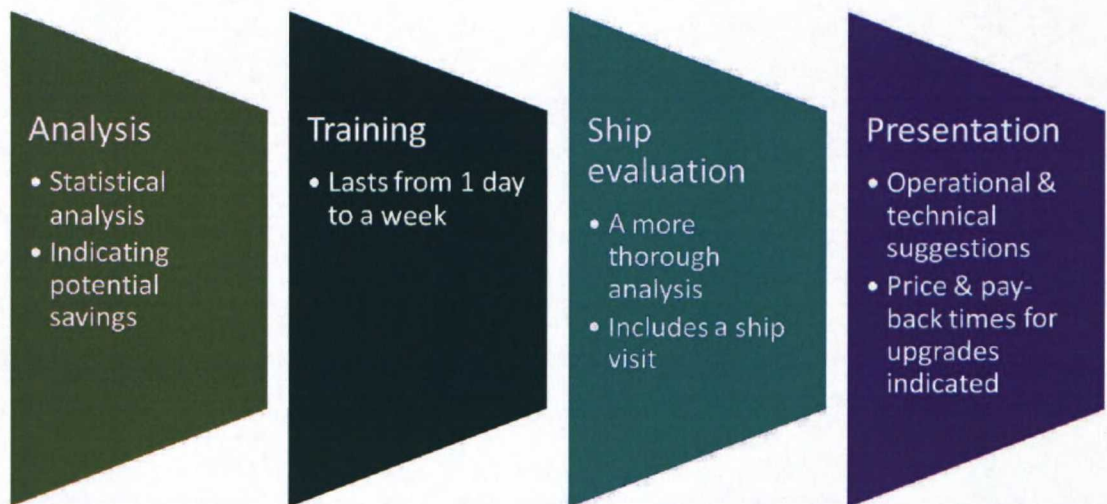


Figure 19 Flowchart for the product in project Alpha.

The survey is mainly offered to the ship owners and to suppliers as well. These surveys do not generally employ very many people and they are not lucrative to the company as stand alone surveys, but the idea is that the case company can create business for itself in this way. To achieve the advantages of smaller fuel consumption the customer needs to make upgrades to the ship. By doing the ground work the case company has put itself in an advantageous position to offer the design for the improvements. In a way the survey can be seen as a door opener to larger development projects with the customer. The sales problems relate mainly to the fact that ship owners consider themselves as having the best information regarding the optimization of their fleet's operation and therefore the engineering company offering such a service is easily seen as stepping on the owner's toes as well as to some degree incompetent to give good suggestions. Another problem is that the lay-out of the survey demands great commitment from the customers. The employees of the customer need to participate and invest time to the survey.

As a response to the sales difficulties the case company should, according to the interviewees, target the companies to whom the service is easier to sell. It is possible to screen the companies in advance. Some analysis has been made on the optimal customers and the conclusion is that certain ship types and fleets like larger vessels and passenger ships are more likely to benefit from improvements than others. The internal marketing also needs to be enhanced, as there are many people in the case company, who have not understood the potential for new projects that this offering is opening. Although the product is rather new, there have not been any wide scale internal presentations within the case company regarding the offering. There are several presentations, both written and oral for the product as well as templates for quotation etc. but the material is mainly available for the marketing personnel within the case company. New pricing solutions have also been discussed for the product. One of the possibilities according to the interviews is to sell the service for free and then the case company

would receive their profit from the savings made by the customer. However, it is difficult to determine in practice what the savings would be as there are multiple factors that could affect the fuel consumption. What would for example happen if the customer would decide to lay up the vessel directly after the improvements have been made (unlikely but possible in the current market situation)?

The case project Alpha was sold to a European ferry operator, who operates different routes with four different ships. The ferry operator was a new customer for the case company and they bought all four phases except for the statistical analysis. The customer's technical organization was rather small, which was beneficial when trying to convince the customer, as they could hardly claim to have the resources to do the study themselves. The ship owner had recently bought a new ferry and that gave a good starting point for the project. The case company had made several studies and modification calculations in the past and in connection with the sales of the ferry the case company was asked to deliver the old reports to the new owner. The sales director of the case company delivered some old reports to the vice president of the customer's organization. In connection with the delivery of the reports there was some discussion about energy efficiency and after that another director with experience in related studies worked through the resistance so that the training was ordered by the customer. After the training a third manager, who held the training, sold the next phase and finally as the results of the fourth phase started to lean towards hydrodynamics and that kind of expertise was required a fourth person was involved in the project and he sold the hydrodynamic redesign of the vessel.

There were several people involved in the sales process. It seemed that the technical expertise was the determining factor for the sale in each of the phases. The interviewees were not certain if the customer had heard of the case company before the initiation of the sales project but that would most likely be the case as the case company is very well known among ferry customers and European customers. The case company has also worked extensively with the previous owner of the newly acquired ship, which also affected the sales process positively. The results of the project were concrete suggestions, one of which was a change to the hull form that could be completed during dry-docking. However, due to the high price of the modification work offered by the dry-docking yard the modification was postponed during the latest dry-docking. Also the current economical situation has caused the customer not to proceed with their plans to do other modifications. The purpose of the project, that is to open doors for further jobs with the owner, has only partially succeeded as of yet. The case company has made the design for the recommended modification. The customer still plans to do the modification at a later dry-docking and other modification work might still result from the work later on.

4.2.2 Project Beta

Project Beta was the first project, where the company actually managed to sell so called contracting services, where they create a new concept to respond to the customer's need and then help the customer to find a place to build the vessel. The job was awarded to a developing shipyard in a developing shipbuilding country, as the concept was created in a time when all suitable shipyards had full order books due to the overheated shipping markets. The case company was therefore hired to evaluate the shipyard and to indicate what improvements would be needed at the shipyard to enable the completion of this vessel type. The case company also sold assistance to the yard, to help to develop it to be functional for the project. So in essence the package was to create a concept of a new ship to the ship owner and then help them get through the manufacturing process of it. There were some problems to get information on the early phases of this project as the documentation was mostly contractual documentation and much of the sales effort was made by the company's previous managing director, who was not available for interviews.

In this project the case company has had to deal with the multi-customer situation. The initial customer in the project was a ship owner that the case company had previously done business with. The ship owner is a large European shipping company with a considerable fleet, offering logistics solutions for LNG and Ro/Ro segments worldwide. The other customer was a shipyard in the Far East. The shipyard was initially found through a broker, who had contacts with the country in question. The juxtaposition in this project lay in the fact that the shipyard was not ready to build the kind of complicated vessels that the concept vessel was, but needed supervision. The ship owner pressured the shipyard to make a contract with the case company regarding technology transfer in order to make sure that the project would succeed.

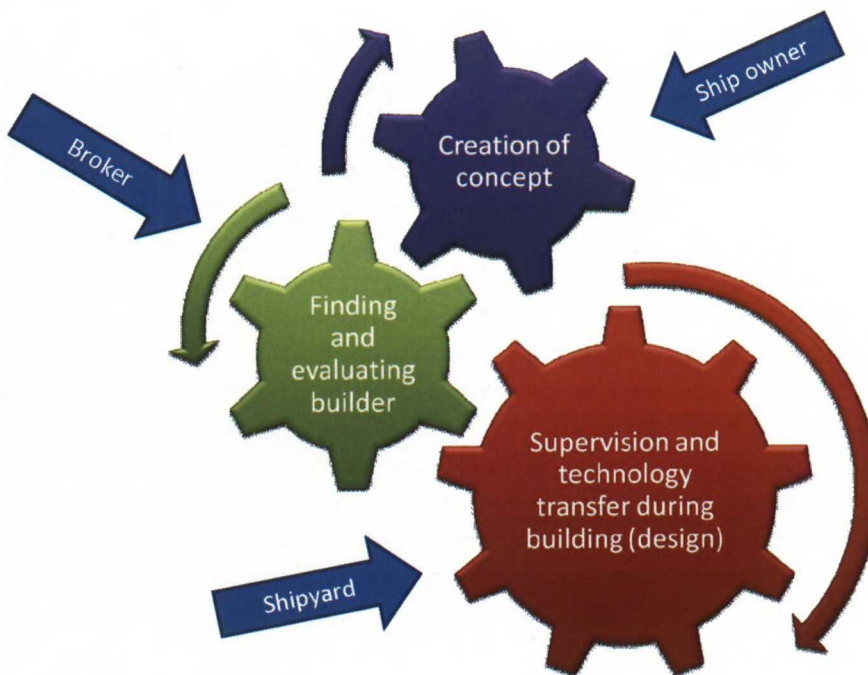


Figure 20 The stages with influential actors in project Beta.

The project was very central to the case company's strategy and such a contract (or combination of contracts) had been sought after for quite a while as the company strategy had clearly stated that the company wanted to enter the contracting business. There was no written analysis regarding the way of working and how to enter the market according to the interviewee but the company held workshops where the way of working was planned. There was no direct information about whether the targeting was specifically planned, but it seems that the situation of lacking yard capacity in the world along with the good relationships with the ship owner customer created a suitable situation to experiment with providing contracting services as planned. Both of the customers were reached through personal contacts although the shipyard through a middleman in the form of a broker. According to the interviews it was possible that the shipyard had never previously heard of the case company but again the strong relationship with the owner and extensive knowledge on the ship design made by the company earlier to the ship owner were of assistance for sales and marketing during the project. Andrésen et al. (2008, p. 15-17) had interviewed the ship owners on matters relating to their products, pricing and marketing and the ship owners representatives criticized the some of the marketing material about the newer products of the case company, indicating that they were not easy to understand and that the benefits for the ship owners could not be seen clearly in some of the new products (ibid. p. 17). The ship owner considered the case company innovative and they appreciated the case company's way of working. The ship owners were skeptical regarding new ways of pricing, such as result based pricing, as they felt that it would be difficult to determine that a design really is better and there are so

many parties involved in a project that it would also be impossible to determine who was responsible for an improvement. (ibid. 16-17)

The first contract of conceptual design was started in the summer of 2006 with the ship owner. During the conceptual design phase the owner and the case company worked together to create the design. The ship owner brought forth their operational knowledge and the case company their technological design knowledge. As there was practically no yard capacity available in the world at that time, the owner had decided to make the design in their own name. After the design was completed the ship owner commissioned yard evaluations to determine where the ship might be built. The result of the evaluation was that the shipyard would be able to build the vessel under strict supervision, so the owner made a technology transfer agreement with the case company. The contracts the case company had with the ship owner were conceptual design, shipyard evaluation and technology transfer. For the shipyard evaluation the company used an expert from Korea and the result was a lay-out for the shipyard along with investment plans. As argumentation for getting the evaluation the company used their experience in working with different yards along with planning and process knowledge held by the case company. According to André sen et al. (2008, p. 16) the ship owner received added value through being able to go to emerging markets with their own design, which they could not have done otherwise.

The internal marketing regarding this product was mainly limited to a planning session with middle management after the first order. The project was also discussed in operative meetings due to the strategic importance it held to the company. The network was not involved in the sales and marketing in any way. There was no direct follow-up of the efficiency of the sales and marketing for the project although a survey was made regarding the sales and marketing of this particular project. Contacts with the participants in the project are still frequent although they are more related to receivables. According to the interviews there is rarely any discussion relating to possible new projects.

4.2.3 Project Gamma

The Gamma project is the oldest one of the four case projects and therefore it was not very easy for the interviewees to remember what actually happened during the sales and marketing phases. The Gamma project was initiated in year 2002 although the order did not come before 2005. It was the first major offshore project for the case company. Again there was a will to enter the market segment that was pronounced in the company strategy. In the words of the current sales director for offshore the case company had to start somewhere as there was very little knowledge and practically no references. There was really no strategy of whom specifically to approach and all sorts of deals were sought after in the FPSO business. The customer is one of the major owners and operators of FPSOs in the

world with headquarters in Europe. (For a picture of a FPSO see Figure 21.) The customer was probably not even acquainted with the case company as it had not previously been very active in the offshore business. The case company initiated the contact and that resulted in a meeting at the customer's premises. After the meeting the case company received an inquiry from the customer and based on the quotation the customer even inspected the case company in Finland. The technical staff of the company placed the case company first based on the quotations but the company made a political decision to go with another local company. According to the interviewee the technical staff was dissatisfied with the decision, which means that at least technically the case company had been able to convince the customer of their ability to do the work.



Figure 21 A picture of an FPSO.

In 2005 the case company received an inquiry for the same project as in 2002 although the hours were now tenfold compared to the inquiry in 2002. The contract was then awarded to the case company. The contract manager and project manager were the guarantors towards the customer during project execution. The project manager was involved in the project already rather early although not in the initial discussions. Several of the company's directors were involved in the sales process during different stages. As the process was so long, many relationships became very good. The managing director of the case company of that time was credited a temperamental outburst during a meeting with the customer and later on the customer confessed that had it not been for the personal relationships with other representatives of the case company, they might have walked out of the negotiations. During the project the personal relationships were further enhanced through informal get-togethers as well as formal interaction during the project.

The offshore market was so unfamiliar in the company in the beginning that some people were not even aware of what an FPSO is actually used for. With the projects the business has become more known to the employees of the case company but

there has not been much specific planned internal marketing regarding the segment or the customers. The case company's own network was really not involved in the sales and marketing process. As the project was the first major project in the offshore segment, the case company aimed at making it a good reference for the business. The results of the efforts that have been made in the offshore segment are now starting to show. According to the interviews the case company has started to make a name for itself in the business. The name of the company seems to pop up more and more frequently, thus increasing the interest of potential customers.

4.2.4 Project Delta

The fourth and the last case, project Delta, consists again of different contracts with different parties. There was first a contract with the ship owner and later on with the shipyard as well. As the shipyard building the vessel was a Finnish shipyard, Finnish turnkey suppliers supplied large portions of the work. The case company had contracts with these suppliers as well. Project Delta is therefore a classic project where the case company is involved with many parties throughout the project. The project started with concept creation with the ship owner and continued with basic design made for the shipyard along with detail design that was actually completed by the network. Additional design contracts were made to suppliers. Basically both the customers and the products were more traditional in this project. Maybe there was a clearer picture of the goings on in the project in the minds of the interviewees as the project was quite recent.

In the marketing strategy of the case company the ship owner of project Delta has been listed as a potential customer already a while back. The main problem was that the ship owner's main competitor was one of the case company's regular customers. In the end this actually turned out to be beneficial to the project as there were some personal relationships between the two competitors. Another obstacle had been the ship owner's own design office, which had been broken down and sold before project Delta. According to the interviews the project was the result of determined actions. The case company had supplied one project to the ship owner previously, but since then, both the management and ownership of the company had changed. Therefore the company can be seen as a new customer. The marketing director of the case company met the technical and operational manager of the ship owner earlier at a conference or exhibition talking to an acquaintance from another company. Back then he shortly introduced himself and the company to the manager. Through this discussion and other sources in the market, the case company knew that the ship owner was a prospective client and therefore they sent the ship owner some directed material.

Some time later the case company received an inquiry from the ship owner regarding the conceptual design. The inquiry was sent to four of the case company's competitors as well. The meeting at the ship owner's premises was postponed in

such a way that the case company was the last one of all the companies that had received an invitation to offer to have the meeting. The purpose was that a representative of one of the networking companies along with another case company representative would be in attendance. However, due to changed dates only the marketing director was present from the side of the case company. From the ship owners side the fleet manager along with other people were present in the meeting. The meeting was a success despite the low turn up rate from the case company side. Things that were discussed during that first meeting were the references of the case company along with the new rules and ways that the case company could support the shipyard in their application. The ship owner was also treated to some publications by the case company. In retrospect the interviewees believed that the case company managed to separate itself from the competition through their knowledge of the new Solas regulations and because they already had tools to tackle them. Immediately after the first meeting an offer was prepared. There were no price reductions because the idea was that the offering was different from that of the other competitors'. In the tendering phase the offer was prepared as a group effort within the organization as well as using subcontractors.

In the interviews the value proposition to the ship owner customer was thoroughly discussed. According to the interviews the most important thing is that the service to the customer leads to a project that is clearly more feasible than the project otherwise would have been. The project should be at least twenty percent more economical than that offered by the competitors. The cost-effectiveness can be reached through a better hull form or energy efficiency and it should include the entire cost structure of the ship including operation and maintenance as well as the possibilities created by the new rules. The cost of applying the new rules should also be markedly lower than the millions of Euros that the shipyards claim for taking into account the new regulations. Energy efficiency and environmental issues was also a large portion of the value proposition of the case company for this project as in most of the recent projects. The case company's coverage of the entire project chain from the beginning to the operational phase along with their partners was a part of the value proposition to the ship owner.

The customer relationship with the ship owner has been nurtured after the contract as well. The case company approached the ship owner with their energy products when the project was well under way and the product was bought around a year later. During the project many relationships have been created with people in the ship owner's organization. There have also been some informal get-togethers with the customers. A regular client agreement has also been signed with the customer. According to the interviews, there has been some internal marketing in the case company regarding the new rules and the new way of working but there were still some challenges. Working in a close partnership with both the network and the customer seemed to cause problems. There were also challenges in linking the various studies into the project work.

The concept was built in such a way that the shipyard building it would need to choose the case company with a very high likelihood as there were not many if any parties who could do the analysis as specified in the project. When a local European shipyard was chosen as builder, it was basically a positive thing for the case company as they had a long standing relationship with the shipyard and had done a lot of design for them in the past. However, the shipyard has both personnel who are more eager to use the case company and those who are against using them. The way the concept was built to include new work relating to the new rules that required participation by the case company was not originally appreciated by the shipyard. However, all the interviewees emphasized that the shipyard ended up being very satisfied especially regarding the job done on the new rules and they now see it as their competitive advantage as a shipyard. For the shipyard the case company had to lower their prices, particularly the prices of the new regulation analysis. The idea was to get a reference of having done the analysis although the profit was nonexistent.

The analysis regarding the new rules product has been productified to contain several stages. In the first stage the case company provides training regarding the contents of the new rules. In the second stage there is a workshop on how to interpret the rules. These two phases were the only parts that were originally bought by the shipyard. The third stage is the actual modeling, which the shipyard did not buy in the beginning. As the modeling was done at a rather late stage the benefits of it could not be utilized to the full.

In the interviews it was described that it can be conflicting when the engineering company is the consultant and supervisor of the ship owner and the shipyard's outsourced design office at the same time. (See Figure 22 for the different roles of the case company during the building of the ship.) The relationship between the case company and the shipyard was not entirely satisfactory for the duration of the entire project. At some point the interference of the marketing director and the managing director of the case company was required. A company belonging to the network of the case company had delivered an incorrect report and the shipyard felt that the case company was to blame and they commented that they planned on not rewarding any of the detail design contract to the case company. The situation was resolved in a meeting between the parties and the continuance to the contract was rewarded to the case company. According to the interviews there were no special problems regarding the design contract with the supplier, but that is understandable as the contract is much smaller than those made with the shipyard and the owner.



Figure 22 The different roles of the case company during the design and building of the ship at the shipyard in project Delta.

The case company has a KAM (Key Account Manager) to take care of the relationship with the shipyard as it is a continuous relationship from one project to another. The KAM takes care of the smaller hick-ups in the relationship and keeps an ongoing discussion with the shipyard. Sometimes there are joint “sauna”-evenings between the case company and the shipyard, but otherwise there is not much promotion effort put to the relationship. There is also a two-way customer satisfaction survey that is regularly updated between the shipyard and the case company. Basically the relationship seems to meet some turmoil every now and then, but is still a rather open one.

4.3 Analysis of the case projects

In Chapter 3.3.2.3 in Figure 18 project marketing phases from the literature were combined with the equally theoretical relationship marketing phases. The following presentation will analyze the actual stages in the case projects to catch common denominators in the marketing and sales process of the case company. For all of the cases there was rather little information of possible actions in the independent of any project phase. In most of these projects the identification of customers was done consciously and although there were coincidences involved, the beginning of the customer relationship was the result of goal oriented work.

There was rather little information on what marketing material had been used in the independent of any projects phase. However, it seemed clear that the players in the traditional marine market in Europe had heard of the case company before. The brand of the case company is known in these more traditional market areas. The shipyard in the Far East in project Beta and the offshore players in project Gamma were probably not familiar with the case company in advance. The ship owner in project Beta and the shipyard in project Delta could be seen as having an existing customer relationship with the case company. When comparing how the establishment of the customer relationship was taken care of there seemed to be more differences that were caused by the customer type than regarding the familiarity with the company from before. Generally the customer relationship to the shipyard was established at least partly through the ship owner if there was no past relationship, whereas the relationship to ship owners was the result of active marketing and introductions or references from previous contacts. The pre-tender phases consisted of meetings in the case projects. The marketing material that was used was references, brochures and presentations. It seems that the establishment of relationships was best supported by references, namely people or companies, who knew the case company from before and could recommend them.

Regarding existing customer relationships, the interviews did not indicate how the relationship was maintained through the independent of any project and pre-tender phases. It seems that there is rather little interaction with the customers in between the projects. The contacts are restricted to a few telephone calls from the sales personnel if the market situation is quiet. One way to maintain the relationships are the exhibitions and conferences, where contacts are met frequently. Another way to maintain relationships is to stay in touch with people when they switch companies, this is also useful in acquiring new customers as the marine business is so small that the same people transfer from one company to another. The case company also has some customers who have at least small contracts going on with the company constantly, such as the shipyard in project Delta. With these companies the relationship is maintained mainly through projects although there are KAMs for some of the customers. The enhancement of the customer relationship was formalized in some of the cases, such as the signing of a partnership agreement with the ship owner in the Delta project. Based on the interviews the relationships were also enhanced without formal partnership agreements through joint value creation in a project.

Generally the marketing of projects switches into sales of a particular project at the latest in the tender preparation phase. The use of general presentation material and references turns into trying to establish such a relationship with the customer that the case company can be seen as a credible source of knowledge and as a reliable supplier. This can be easier with customers, who already have a strong established relationship with the case company, such as the ship owner in the Beta case, than with customers with a newly established relationship. At this stage specialists from the case company or its supplier network were used to convince the

customer of the credibility of the case company. In all of the cases the project specific value propositions were created at this stage jointly with the customer taking the needs of the customer into account.

As mentioned earlier, based on the interviews it seemed that the enhancement of the customer relationships was mainly focused on the project phase. In several of the case projects the interviewees remembered arranged social events with the customer's representatives during this stage. During the project the responsibility of the customer relationship was in the hands of the project manager. The project managers were often already involved in the tender preparation phase, at least for larger projects such as the Gamma project. In the case company the project manager was generally seen as the organizer and supervisor of the project but their importance in the sales and marketing process did not always seem to be recognized in the case company.

There was again rather little information on the after the project phase as the Beta and Delta projects were not entirely finished at the time of the interviews. In the Alpha project one of the main goals of the actual project was to start a new larger project aiming at improving the current design of the vessel. The continuance has not entirely materialized so far, as the economical situation deteriorated, but a continuance contract in the future is quite possible. Therefore it seemed rather surprising that based on the interviews there was no current interaction with the customer. The idea that customers will contact the case company if it has done well still seemed strong in the organization. It is of course also possible that there are people in the organization who are staying in contact with the customer, but if that is the case, the coordination of keeping up the customer relationship seems to need some improvement. The Gamma project also seems to be plagued by the same underlying assumptions. Again based on the interviews and the researcher's observations of the marketing and sales function it would seem that the case company did not proactively contact the customer until the market conditions became so dire that all possible leads and opportunities needed to be used.

The customer knowledge was stored mainly by the marketing and sales personnel. There was no centralized storage but each person had their own filing systems. Project managers did not generally seem to transfer any knowledge to the marketing and sales personnel. A CRM system had been bought to the company, but as so often happens with CRM systems, there were many problems in the start up phase and the project had been put on ice for the time being.

None of the customer relationships have been terminated and it is possibly in the interest of the case company to keep as many as possible latent customer relationships. For one of the relationships in the cases there were some serious financial difficulties with outstanding invoices. In such a case a termination of the

relationship may be one of the options. However, as the shipping market is still rather small with the same people moving from one company to another and interacting with each other, it is crucial that a possible termination of relationship is handled well.

A table summarizing the findings from the cases for the project phases can be found in Appendix 4. Based on the analysis it seems that the phases before and after an actual project are rather lacking in marketing related actions. Especially after the project the relationship with the customer seems to nearly wither away until a new potential project arises. It is unclear if this is caused by the great amount of projects that the marketing personnel need to respond to. The project phase again seemed to be a very active phase marketing-wise. Some projects were built so that the next step of the project was sold during a previous project and the project managers seemed to have understood the importance of enhancing and strengthening a customer relationship during projects.

4.4 Analysis of the company level marketing process based on the case projects

As the case interviews focused on the cases, some background material might be needed when observing the marketing process on the company level that is independent of any projects. Based on the searches made into the case company's marketing databases the current marketing process is rather straight forward starting with collection of data for an analysis that leads to strategy creation after which the marketing and sales actions for each year are planned. The results of the marketing are followed through measurements on the company balanced scorecard. The best documented description of the process, as it should be, was found in the "Marketing & Sales Action Plan for 2009" for the case company. The "Marketing & Sales Working Procedure" was also helpful and contains the general process, although the document originated from 2006. There were also clear meeting practices and criteria for prioritizing sales projects available along with other material. Figure 23 depicts the marketing process as it is described in the Company marketing & sales working procedure of 2006. The focus is still on projects and the stages: Marketing, sales, contracts, projects and after sales are the backbones of the process. The first column to the left refers to subjects, on which, information is gathered and strategies are developed.

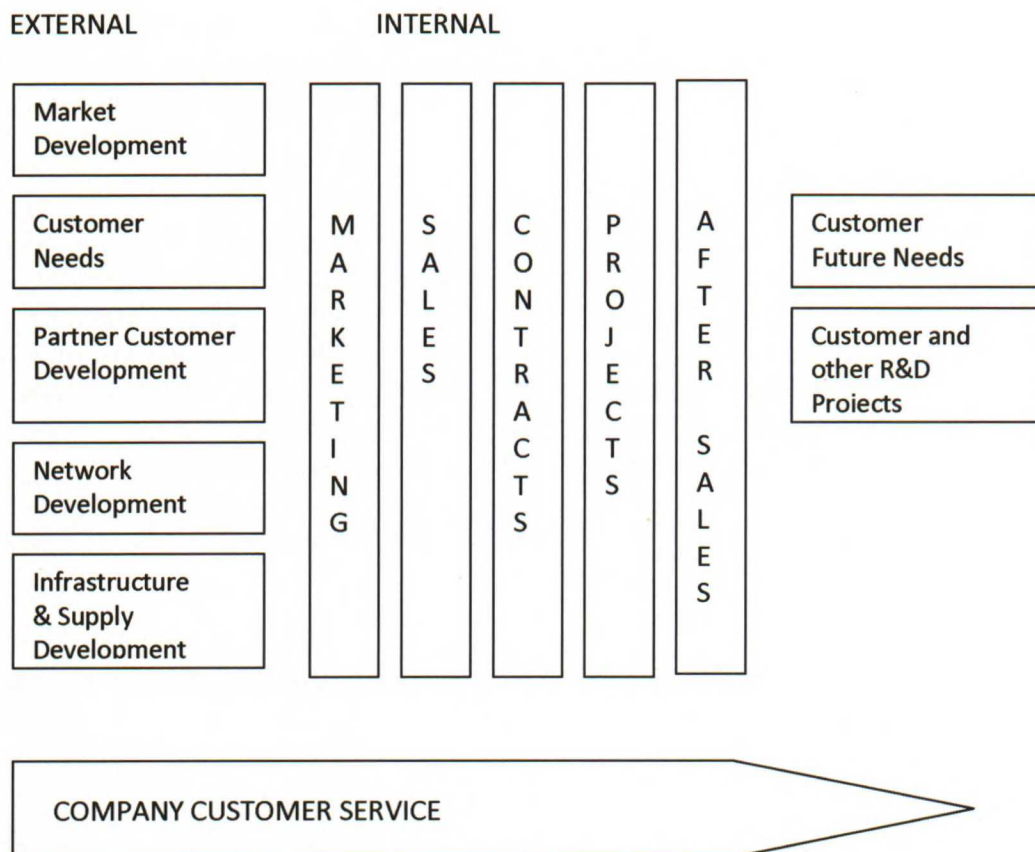


Figure 23 Marketing process description for the case company (Company marketing & sales working procedure 2006)

The case company follows the market in general as well as the market situation in their chosen segments very closely. Several reports are collected and read yearly along with other available material. The company also collects customer satisfaction data. As a matter of fact there is so much general data collected at the moment that some parts of it are bound to be left unread. The market analysis that the case company prepares, is most probably accurate and up to date as the marketing and sales personnel who are in charge of collection and presentation of the material have a long experience in the industry and can therefore weed out unessential information. The company has worked with SWOTs in their strategic process but structured portfolio thinking seems to be non-existent. A business intelligence function exists in the company which currently mostly collects data rather than analyzes it. For the marine segment the company is rather familiar with both the actors and the relationships between them. The information that seems to be difficult to catch is what new-buildings are currently being planned on the marine side and who are involved in those projects. The new project situation is clearer on the offshore side as the different phases of various projects are widely publicized. However, the company has been in the offshore market for a shorter time and their knowledge of the actors in the business milieu along with decision makers and

relationships between actors could probably be improved. One of the shortcomings of the analysis data is that there is no information on a personal level although personal contacts are said to be highly important in the business. Generally the analysis and data collection would benefit from better specifications of what data is needed.

In the "Marketing & Sales Action Plan for 2009" the mission of marketing and sales is stated along with marketing and sales strategy and how the group strategy is implemented for marketing and sales. Based on the interviews it seemed that the strategy was to some degree internalized in the organization. The marketing and sales strategy should at least include the components of branding strategy and customer strategy. According to the interviews the branding strategy is in need of strengthening and the brand would need invigorating. The case company has worked on its customer strategy and the result is clear segments to target. The customer strategy also includes the customer types.

Based on the interviews for the offshore segment, it seems that there are not clearly defined strategies for how to approach the different customer types and if some of them are preferred customers. This could be because the case company is still entering the segment and needs all the possible references, or the customer types are still so unfamiliar to the case company that there has not been sufficient information to make that kind of decisions. For the marine segment the situation is different. In the interviews it seemed clear that the value propositions to each customer type are different. Possible differences in customer value propositions can be seen in Figure 13 in Chapter 3.2.1. The ship owners seem currently to be the most interesting customer type especially as innovative owners can help to further the case company's own strategy. Innovative owners are also inclined to be open to let an outsider offer much of their services as they might have too small a technical department of their own to work on their ideas as Helander & Möller (2007, p. 726) said.

One of the main problems is how to match the different value propositions of the customers that are involved in a project. Based on the interviews this was done through compromises or by giving some customers precedence before others. The marketing and sales department works at least partly in a way that enables creation of value innovations which are created with the customer. Again the problem is the lack of cooperation with the rest of the organization. The result is that often good radical new ideas are turned into slightly tuned versions of current products. Good productification is difficult if not impossible without the cooperation of marketing and sales and the project organization.

The actual marketing of various products seems to be less planned. In some interviews it was stated that there is a relation between marketing and sales

personnel traveling and meeting customers and resulting sales. Basically the marketing actions consisted of articles in trade journals, participations in exhibitions and conferences and sales visits and calls. There was some planning on which customers need to be marketed which products but it seems that often the products are not productified enough so that they could be marketed by others than the people that originally innovated the products or participated in the innovation process. For offshore the marketing decisions seem to be more planned although the focus of the efforts is not always visible.

In order to have an efficient process there must be some measurement of efficiency. The case company has a customer satisfaction measurement system and the results of the measurements are used to create project specific and company level actions. Naturally there is also an interest in the amount of reclamations from customers. When using customer feedback it is important to remember that companies should not compromise their own business interests, when trying to please their customers. Although a customer-centric view is important even when considering process measurements, one should bear in mind that the goal of the company is to make good business, not merely to please its customers. (Wikström et al. 2009, p. 115) The case company follows marketing and sales hours jointly and the hours used to retrieve project hours are one of the measurements the company uses. In the case company marketing meetings are planned in advance with shorter intervals and conferences and exhibitions to be attended are planned on a yearly basis. The realization of this planned interaction with customers is followed up in weekly sales meetings. There is no requirement of sales personnel to be out of office at least three days a week as in some larger companies in the business, but the sales personnel are expected to plan and execute their work fairly independently. The case company also follows separately how many leads there are from new customers and how many from existing customers, but hit rates are calculated for all customers together. If hours were followed up for inquiries, quotations and orders as well, it would be possible to calculate rates in between the sales phases. All of these numbers can also be compared to planned hours or rates.

There is no follow up on efficiency of marketing efforts for specific new products. It might also be interesting to divide up the marketing and sales budget between the marine and offshore segments so that the efficiency of efforts aimed at each segment could be followed up. Currently the marketing hours are recorded for each customer type, which would enable the calculation of more detailed hit rates. A table summarizing the case specific information about the company level marketing process can be found in Appendix 5.

5 Synthesis of the Cases with the Theoretical Framework

In Chapter 4 the cases were presented and the company specific marketing process was analyzed. In this chapter the project specific process will be compared with the joint project and relationship perspective presented in Figure 18. The aim is also to compare the interview results regarding the company level marketing process with the process presented in Figure 8. Some of the implications in this chapter are also based on observations made by the researcher. The problem formulation in the beginning of the work indicated that a current process either does not exist or is in need of revision due to the changes in the company. Although there was much related material available internally, it would seem that both claims are at least partially true. The "Marketing & Sales Action Plan for 2009", which seems closest to a process description, is an operative document aiming at planning the operation of the marketing and sales function in the year 2009. The "Marketing & Sales Working Procedure" again seems to have been buried in the archives rather than used to guide the actual work. Based on the interviews, if a process is in place internally, most of the company personnel seem to be unfamiliar with it. Because written instructions and reports rarely give a truthful picture of actual operations, the interviews from both stages serve as the primary source for this comparison.

Regarding the project specific marketing process the project phase seemed much enhanced in the marketing process whereas the after project and the independent of any project phases received less emphasis at least based on the cases. The building of customer relationships did not seem to be as entwined in the marketing process as the theoretical model in Figure 18 indicates. It could be that this is one of the shortcomings of the current process in the case company. The continuance of the customer relationship may not be prioritized enough or it could be that the development of the customer relationship during these phases is not clearly owned by anybody in the organization. For the current process in the case company see Figure 24.

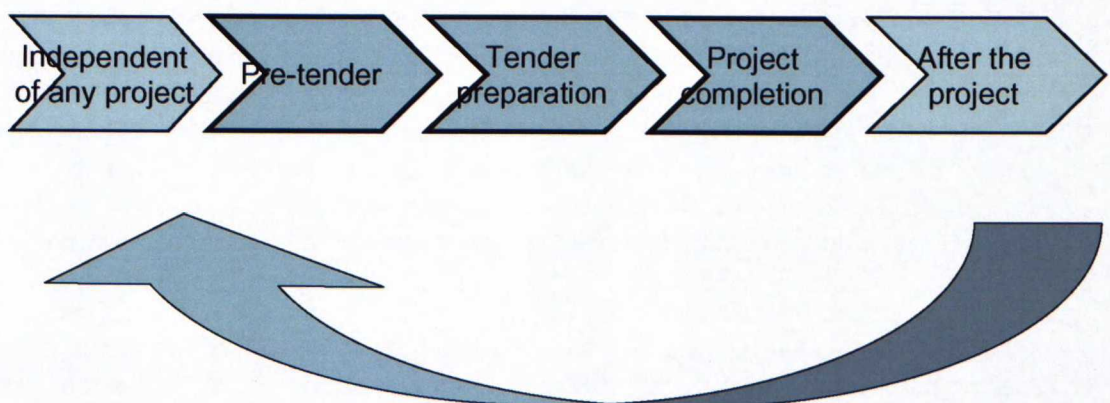


Figure 24 The project marketing cycle based on the case descriptions. (Adapted from Cova & Salle 2004, p. 10)

According to the theory (Möller & Rajala 1999, p. 525, 533), the marketing function should be the integrative function in an expert company. The communication between various technologies and projects should be aided by marketing, as the new technology experts should participate in the marketing and sales when needed. In the case company the marketing and sales people meeting with the customers are mostly very knowledgeable in the technologies themselves. This could be one of the reasons why the marketing and sales function is working alone from an organizational perspective. There is a notable void in the case company between marketing and sales and the rest of the organization. The "production" expects that marketing and sales do their job and bring in contracts and there is a very low understanding of needed participation in the marketing and sales effort from the rest of the organization. On the other hand the marketing and sales feel that their ideas generated together with the customers are not adapted by the rest of the organization fast enough.

The sales and marketing efforts are often conducted as a one man effort instead of a team effort. There had been some failed attempts to involve the producing parts of the firm in the sales process. The participants from elsewhere in the organization were maybe too direct or negative for initial customer discussions and they felt that the sales painted the project in too positive a light. This skepticism between the marketing and sales and the rest of the organization could be one of the reasons why new products such as project Alpha, which need a genuine team effort, are not selling as well as expected. In order for marketing and sales to function as the integrating party within the organization, skills such as organizing and ability to cooperate become more important in addition to the previously needed skills of creativity and ability to operate independently.

When comparing the theoretical approach to the company level marketing process presented in Chapter 3 with the actual process based on the cases and other research data presented in Chapter 4.4, there are similarities as well as differences. Most actual processes could be fitted into the described model as the theoretical process is so general. It seems that the analysis and creation of marketing strategy are handled rather well in the case company but when the strategy should be converted to actions, the focus seems to be lost, which also affects the measurement of the efforts as well. This may be partially caused by the organizational challenges described in the previous paragraphs. The barriers between the functions inhibit the effective application of the marketing strategy.

Another problem that is related to organizational issues is the transfer of customer specific data in the organization. CRM systems are often used for collection and storage of personal data. The case company has bought a CRM system, but as it often happens, the software does not directly correspond with their needs and the

implementation has taken longer than planned. A prerequisite for good analysis is that company internal information is somehow collected and stored so that it is available to a wider audience. According to Lehtimäki et al. (2009, p. 3) this knowledge can be divided into four categories: core technical knowledge, core customer knowledge, project specific technical knowledge and project specific customer knowledge. In the case company all technical knowledge is cared for as so often happens in engineer dominated companies. The core customer knowledge exists in the heads of the people who have customer contacts, mainly marketing and sales personnel.

The use of a CRM system would therefore be important from a risk perspective and it would probably make marketing and sales team efforts easier. Often when an organization has not been obliged to submit this kind of data anywhere, the effort is seen as time consuming, as a system for data storage is introduced. However, rigid observance of jointly agreed procedures along with effective communication of the benefits of the system may reduce resistance with time. The project specific customer information is an even bigger problem in the organization. The sales and marketing personnel are by default not involved in the projects and the project managers are generally more focused on specific projects than on customers. The transfer of project specific customer knowledge would require cooperation between marketing and sales and the projects. For those customers that have KAM the problem is not that visible.

The relationship marketing theory is probably the best one for the actual marketing decisions made during the operation. In the interviews the personal relationships and their meaning in the sales process was highly emphasized. Despite this, it is wise not to forget the aspects of marketing that are highlighted in the marketing mix. Regarding the products the company had experienced some difficulties in selling products from their new product palette consisting of energy saving, environmental and safety related products. In the literature review it seemed that it would be wise to package the products inside larger design packages and thus create added value to the customer compared with the traditional offering. The incorporation of the newer products into larger packages could also make the acceptance of premium pricing easier with the customers (Boyt & Harvey 1997, p. 297). Performance based pricing was also pondered in some of the interviews as well as in earlier surveys by Andréén et al. (2008, p. 15-17) but the concept was seen as difficult to realize in practice. The problems were related to measurements as it would be difficult to determine performance in systems as complex as ships. Also the reliability of the data would be difficult to determine as long as the case company does not operate the vessels themselves.

Regarding the promotion the researcher indicates two concepts as important in the theoretical analysis: interactivity and virtuality. Conferences and exhibitions offer good possibilities to turn one way communication into interactive discussions as

well as providing opportunities for networking. The case company plans on a yearly basis what exhibitions and conferences they will attend. The strategy and division of work at each occasion, however, could probably be improved. For virtuality one way to approach the business-to-business scenery of the marine market could be to develop web-based services that are between actual products and marketing. One promotional tool that was emphasized during the interviews was the reference list. There are a wide variety of ways how the references can be utilized and based on the interviews at least the availability of product-wise reference lists could be improved. It is indeed possible that references counterweight the effects of discontinuity in projects. References show to the customers that the supplier has constantly made projects and when they are made for reputable companies with similar products as the customer's this could create an illusion of an ongoing customer relationship.

Relationship marketing focuses on the aspect of communication and the case company along with probably most other companies could probably improve their holistic view of the communication towards the customer. Regarding planned communication and product and service related communication it is important to make sure that the entire company is communicating the same story. The company could also try to affect the unplanned messages so that the positive messages would outweigh the negative ones (this can best be done by doing good quality work). The last but maybe most ignored type of communication is the absence of communication and although it is difficult for most people the aspect of proactive communication should not be forgotten even when there is not much to communicate or the communication would mostly consist of negative messages. A company's employees are mostly responsible for the communication and therefore the aspect of internal marketing is important.

In a transition phase, like the one the case company is in at the moment, it is crucial that the internal communication is repeated with frequent intervals and properly emphasized. It is important to inform all employees of the new products and services. The need for even higher quality, whenever possible, should continuously be internally discussed in such a highly competitive situation. Internal communication could be a way to try to decrease the chasm between the organization and the marketing and sales function. All the employees should feel that they are part of the sales and marketing effort of the company. This is only achieved when people are allowed to help and participate and when they get feedback on what their actions lead to. Clearly the networking of the employees is beneficial to the company. This should at least not be a problem for the case company as most employees have been in the business for quite a while and have created their own contacts. The main problem is naturally to institutionalize the contacts in such a way that the company could benefit from them even if a person moves to another company, retires or becomes otherwise unattainable.

The implementation of the marketing strategy is more of an organizational matter. The resources for the execution of the plans are limited in a company of any size but especially so for smaller companies. Therefore it becomes vital that the scarce resources are well distributed so that the best coverage is achieved. Importance of targeting grows as well when company size decreases. In a marketing and sales context this means that the efforts of the personnel should be coordinated so that they support each other (for example the BI function) and do not overlap. Weekly marketing and sales meetings could and certainly at least partially do serve that purpose. Also efforts by company experts could and should be coordinated in the meetings. The things that could be jointly agreed upon include clear division of work for marketing and sales assignments along with timetables and priorities. It could also be beneficial to discuss the results of a given assignment. A team may function independently as individuals, but the best effect can be achieved when the operations are frequently coordinated and problems jointly pondered upon. Written instructions and descriptions can rarely replace personal interaction.

It is equally important to follow up on how the agreed actions are fulfilled and what their effect is. Making changes is difficult if not impossible if the effect of various actions is not known. The case company uses the rather common control feature for sales and marketing, namely hit rates, as mentioned earlier. Customer satisfaction feedback is also collected. However, the actions that should be made based on the information are not always clear. The customer feedback is followed up by various forums in the case company, but it was not clear how the organization agrees on actions based on the feed-back. As a control feature, it would be important to see that the hours spent on sales and marketing are really spent on the important things; important contracts, customers, value adding activities for marketing and sales and current needs. The importance of different parts of the work could and should be frequently discussed along with the time tables and how much work they need. Again, this is to some degree happening in the weekly marketing and sales meetings of the company. If and when the marketing and sales team addresses these matters frequently, then maybe adjustments in current ways of working could be made faster.

6 Summary and Recommendations

The interviews, project cases and observations of the case company provided a multi-layered picture of the marketing process of the company. The marketing process proved to encompass many of the company's activities. The basic assumption that the segments and customer types affect the marketing in marine business was confirmed, however, the case company might be able to enhance the effectiveness of its marketing processes by paying more attention to customer type specific factors especially in the offshore sector. The interviews described the different needs of the different customers and how the value proposition offered by the case company changed based on the customers. For example marketing to shipyards was more deterministic whereas the approach to ship owners was more constructivistic. There were also significant needs in the required analysis of the milieu between different types of customers but especially between the two segments. The newer offshore market needed another approach than the marine market in which the case company could be seen as a specialist. One of the questions that might be interesting for further research would be how the geographical aspect, which was left outside the scope of the survey, combined with the customer type would affect project marketing.

The marketing process of the firm was observed on two levels, the first level being the project specific level where the project marketing models formed the basis of the marketing process. The changes and additions to traditional project marketing theory related to the enhancement of all phases as important with regards to marketing. The reason for this could be that project marketing literature often concentrates on projects that are much bigger than the ones offered by the case company. With larger projects the discontinuity and uniqueness aspects are more highlighted than in smaller projects. The case company has been able to create continuous customer relationships with customers where projects are followed by each other in a nearly continuous flow. This means that the importance of the actual project phase and after the project as marketing opportunities are enhanced. The project level marketing process consists of the project phases: **Independent of any project, Pre-tender, Tender preparation, Project completion and After the project**. The After the project phase is followed by the Independent of any project phase, thus closing the loop. The relationship cycle is intertwined with this model so that the customer relationship may advance between the relationship stages during the project (for the description of the model see Figure 18 and Chapter 3.3.2.3). The phases of the relationship cycle: **Identifying potential customers, Establish a relationship with them, Maintain the relationship, Enhance the relationship and Termination of the relationship** normally advance much slower than the project cycle.

The theory along with the interviews indicate that the efficiency of the project specific marketing process might be improved if the maintenance of the customer

relationship would receive more emphasis in the non project specific phases independent of any project and after the project. The importance of the customer relationship cycle and its interaction with the marketing process can also not be emphasized enough. As the case company acquires most of its projects through relationship marketing the enhancement of the customer relationship should happen both in all stages of the project and outside projects.

The network aspect seemed to affect the project marketing. The shipping market seems self-sufficient and the actors have strong ties to each other through joint history. The effect of personal networks in the marketing process brought the relationship marketing theory to the center stage in the study. The supplier network of the case company, however, did not seem to have such a great impact on marketing. The expert services offered by the case company are of an immaterial nature and they have traditionally not been a very large part of the actual marine vessel project. With the advancement of technology the monetary value of these services has increased slowly, sometimes leaving customers confused as to what they are paying for, thus setting increasing requirements on the marketer of these services. The case company has in the recent years moved towards more complex service, such as contracting, consulting and more conceptual design, in some cases ahead of the market. Based on the interviews and observations it seems that the organization has not quite made the transition. In view of the study it seems that the nature of the products (expert services) is also of importance for the marketing efforts of the case company. In selling expert services the development of the customer relationship during the marketing process is especially important as a trustful customer relationship will add to the credibility of the service provider.

The actual company level marketing process was more aimed at organizational functions and described the stages of marketing on the company level although the same principles could probably be used for smaller marketing assignments as well. The structure of the process is simple in order to enable application of various strategies as the markets constantly change. The company marketing process presents the framework that marketing theory gives and the company specific factors are then taken into account in the practical applications. The first stage of **Situation analysis** becomes important when the company is changing the customer base or the offerings of the company. Based on the research it seems that the analysis should be more focused. For the marine segment, the case company should improve its ability to spot potential business opportunities developing in the market. The research did not give any clear indications as to how this could be done other than picking up weak signals from the entire personnel of the firm through better internal communication. Further research could be put into developing this analysis. For the offshore segment the actors in the market and the relationships between them would be of interest. Based on the research market analysis seems to include more person related information in industries where marketing is equally relational. This could be a development area for the case company. The storage and use of customer related data suffers from the lack of systemization. A more

extensive use of the CRM system might also improve the cooperation in the sales and marketing team.

The **marketing strategy** stage is the phase where the goals of the marketing and sales function are specified based on the company strategy. Customer strategy should get a high priority within the strategy as the customer type seems to be the defining feature regarding the marketing. A strong brand should decrease the risk that customers in international projects experience (Alajoutsijärvi et al. 2000, p. 157) as well as communicate a value proposition which stands for innovative new solutions (Dawar 2004, p. 37). For the case company all these benefits are vital as project deliveries are known to increase both perceived and experienced uncertainty and risk and the key to successfully selling expert services lies in convincing the customers of the innovativeness of the delivering company. The brand strategy becomes extra important to the case company.

The actual **marketing decisions** are daily, monthly and yearly decisions where the company's resources are allocated in an optimal way to insure effective sales of new projects. The framework for the marketing should be relationship marketing. Relationship marketing correlates well with the focus on the different customer types. Expert services in business-to-business markets are also seen as the primary user group of relationship marketing approaches as opposed to consumer goods that are often marketed through transactional marketing. The project marketing aspect together with the closed nature of the marine business circles enhance the existing focus of relationship marketing on networks. Through networks the day to day marketing consists to a large degree of both internal and external communication. The results indicate that the case company should first communicate the strategic values and goals internally and when the message is clear within the company, outside communications should become more unified on their own accord. Regarding the promotion the company should put emphasis on renewing the tools, promotion and publicity to reflect the trends partially brought forth by relationship marketing, namely interactivity and virtuality. The existing methods and material could be renewed introducing time new tools that observe these trends at the same. The organization of the case company would probably be the best source of ideas for new promotional tools that support the company's image as a frontrunner in the industry.

During the **implementation and control** the aspect of internal marketing becomes even more important. Internal marketing plays a role in all the phases of the marketing process of the company. During analysis and marketing strategy creation participation of the organization will enhance the feeling of working for a joint goal. Daily marketing work on the company's behalf is also definitely a team effort. The entire organization should be involved in both creating and keeping up the focus that has been outlined in the previous stages. The follow-up should also be communicated more widely when it is possible and relevant. The research found

the control features of the case company be somewhat flawed at least in taking into account seasonal variations that frequently occur in the marine business. Further research could focus on what meaningful ways there could be to measure the effect of marketing in a project delivering firm. Special focus should be put on the fact that the measurements are such that there is a possibility to give clear improvement actions based on the measurements.

It seems that the efficiency of the company level marketing process would be highly dependent of the actual implementation of the marketing strategy. The planned focus on marketing decisions and their realization should be on concentrating on the strategic goals. A focus on the strategic goals makes control of actual results easier, which again enables faster and more accurate corrective actions. Accurate organizational fit also improves the effectiveness of the company level marketing process.

The business model of the case company is to offer services that go beyond what is usually expected of an engineering firm in the marine market. The model requires continuous innovations and the only way to do that is to co-create the concepts and services with the customers. This approach, when thoroughly applied, leads to customer specific value innovations. The customers get something more than just a slightly improved design or improved energy efficiency. The customer should get a better concept to do business with in the future. In order to achieve this, both the internal organization and the customer and even possibly parts of the supply network need to involve themselves in the marketing process, where the value proposal is defined.

There seems to be a need to review the theory of how the project-based firm should handle their customer interface, as many of the characteristics of an efficient process mentioned above are related to the organization of the customer interface. Galbraith (2002, p. 200) suggests the use of "Capture Teams". The product structure in the firm supports the capture process of projects through quick response units. For larger projects team selling with account managers as team leaders is recommended. Davies et al. (2006, p. 43) and Davies & Hobday (2006, p. 148) introduce the three part organizational structure for a solutions integrator. The structure can be seen in Figure 25 and it includes both the company and its sub-supplier network. The solution to the customer is produced through service units and product units which may be units in the company or its network or both. The Customer-facing units (CFUs) make sure that the firm has full control of the channel to the market and they manage strategic engagements with the customer, develop value propositions and integrate solutions. The CFUs are multiskilled and cross-functional. The strategic center in the middle develops strategies, organizational structures and brand names as well as make sure that external and internal capacity providers collaborate. (Davies et al. 2006, p. 43-44)

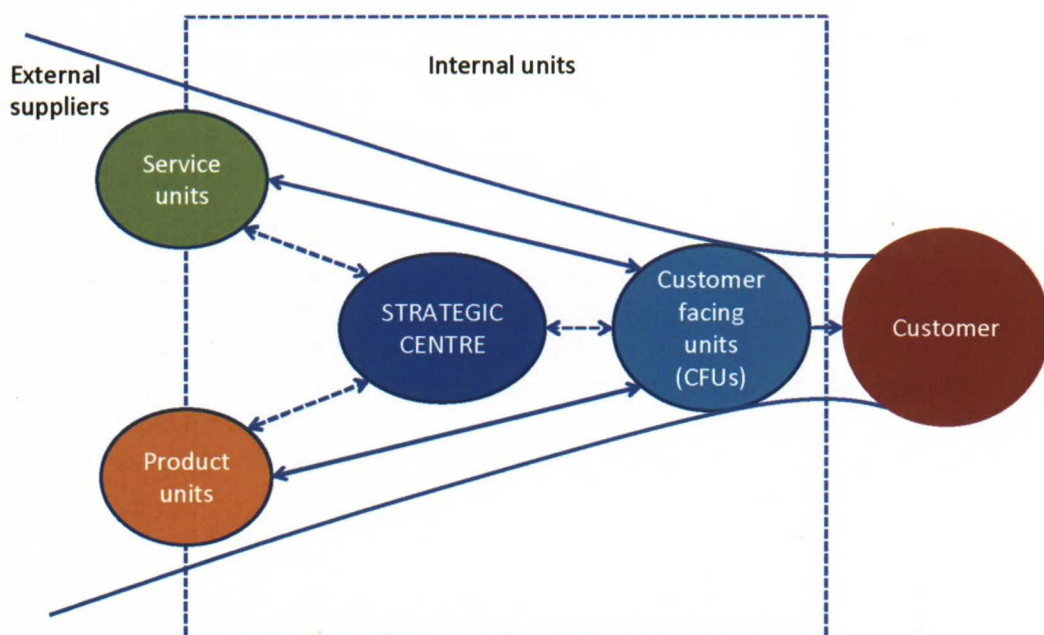


Figure 25 Customer facing organization. (Davies & Hobday 2006, p. 148)

This view of how the customer interface should be managed is seen from another perspective by Turner & Keegan (2001, p. 257-261). They researched the operational control processes in the project-based firm. They discovered that there were similar roles within the company whether the company was large or small. According to Turner & Keegan the project-based firms had so called **brokers** that were responsible for the relationship with the client. The **stewards** again held responsibility over the project team. Together they managed the interface between these two. The customer and the broker determine the needs of the customer. The broker then approaches the steward who has access to the resources, through which the customer's needs can be fulfilled. The steward provides the team to complete the project along with the **project manager**. The project manager then works together with the steward and the broker to fulfill the requirements of the customer. In larger organizations account managers may fulfill the role of brokers, whereas the marketing director may be the broker in smaller organizations. Solutions managers can be the stewards in larger organizations and managing directors in smaller ones. The principle of the broker/steward interface can be seen in Figure 26. According to Turner & Keegan (2001, p. 266) the role division is an efficient method of managing the customer interface in the project-based firm. The broker must align himself with the customer culture whereas the steward aligns himself with the culture of the competence pools that are used to complete the projects. The interesting thing is that Turner & Keegan saw these roles disappearing with repeat orders. The role of the broker disappeared first and was taken over by the steward, which role also disappeared with further orders.

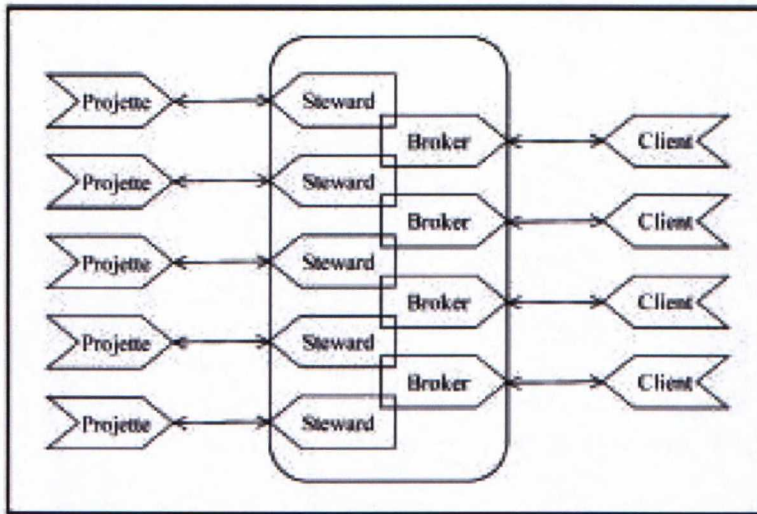


Figure 26 Multi-projects with the Broker/Steward interface. (Turner & Keegan 2001, p. 258)

Both of the before mentioned theories enhanced the need to handle the customer interface at one point (CFUs or brokers) and to have a system in place to collect the production team and to handle the communication between the units doing the work and the customer contact (Strategic centers or stewards). It would certainly be of interest to look into possible organizational configurations of the customer interface of the case company in the future.

The organizational recommendations of this work on the project level are that there should be some sort of handing over back to marketing after each project. This handing over could be used to review possible new business opportunities as well as to transfer project specific customer knowledge. There should also be greater emphasis during the project on saving customer knowledge accumulated during the project in the same way as the technical knowledge that is gathered is saved and discussed internally in the organization. A more pragmatic approach to planning the marketing decisions and how to turn the marketing strategy into specific marketing actions might also be beneficial. On the company level a more joint way of working is proposed. Inter-disciplinary teams could boost the performance of marketing at all stages of the process. The handling of the customer interface in the organization could be more clearly structured and based on the theories outlined earlier.

The theoretical review indicates that the customer relationship process and the project level marketing process should be interactive and connected in nature. The case company could improve on this especially during the independent of any project and after the project phases. Making marketing decisions and the actions based on these decisions could be better anchored to the marketing strategy on the company level. This would ensure the continuance of the strategic vision on the

operative level and would probably improve the fit of the control function to the strategic goals as well.

As Galbraith (2002, p. 194-196) comments, the change from a product-centric company to a customer-centric company is not an easy one. Product types that offer customer-specific solutions, the way many of the case company's more novel and sophisticated products do, require a more customer-centric unit to handle the delivery (Galbraith 2002, p. 197). The internal marketing that has been talked of should happen through jointly working with marketing related matters rather than "preaching", which rarely brings good results. Especially the control function of marketing would still need to be invigorated, both through sharper follow up and measurements that would enable rapid changes of focus when needed.

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8 Appendices

Appendix 1

KYSYMYSLOMAKE HAASTATTELUIHIN ASIAKKAISTA

Päivi Haikkola, rev. 1.2.

Asiakastyypien määrittäminen

1. Minkälaisena näet Yrityksen aseman marine/offshore segmentissä
 - a. sisäiset vahvuudet ja heikkoudet
 - b. ulkoiset mahdollisuudet ja uhat
2. Keitä ovat pahimmat kilpailijanne tässä segmentissä (huomioi myös potentiaaliset kilpailijat ja substituuutit)?
 - a. onko sinulla käsitystä miten esim. kilpailijat hoitavat markkinointia marine/offshore segmentissä?
3. Mitä muita omia (erilaisia) toimintatapoja myyntiin ja markkinointiin tässä segmentissä liittyy?
 - a. keiden segmentin toimijoiden kanssa Yritys on tekemisissä tai haluaisi olla tekemisissä?
4. Kuinka monta kauppaa / mitä kauppvoja Yritys on tehnyt segmentissä?
 - a. mitä näiden kauppvojen saamiseksi tehtiin?
 - b. oma arviosi tuloksesta ja sen syistä.
5. Minkälaisia tyypillisiä asiakkaita/projekteja marine/offshore segmentissä on?
 - a. mitä perustarpeita asiakkailla on (asiakastyypikohtaisesti)?
 - b. minkälainen ostostrategia asiakkailla on (asiakastyypikohtaisesti)?
 - c. keitä ovat Yrityksen kilpailijat tämän tyyppisten asiakkaiden kohdalla tai minkä kanssa kilpaillaan? Miten Yritys erottuu kilpailijoista?
6. Eroavatko asiakkaille tarjotut tuotteet toisistaan? Miten?

- a. mitä lisäarvoa Yritys tarjoaa heille (huom. esite: generating value)?
 - i. tuotteeseen liittyen
 - ii. toimituksen tehokkuuteen liittyen
 - iii. tukipalvelujen muodossa
 - iv. mahdollisuus tiettyjen resurssien käyttöön
 - v. innovaatiot (lyhyen ja pitkän aikavälin)
 - vi. toimittajan ja asiakkaan välinen suhde
 - vii. huolto-/elinkaaripalveluja

Nykyinen markkinointiprosessi

- 7. Minkälainen kunkin asiakastyypin markkinointiprosessi on?
 - a. mitä välineitä käytetään?
- 8. Perustuuko markkinointi henkilökohtaisiin suhteisiin vai onko ns. massamarkkinointia?

Appendix 2

KYSYMYSLOMAKE PROJEKTI HAASTATTELUIHIN

Päivi Haikkola, rev. 1.1.

Tietoja asiakkaasta / asiakkaista

9. Onko asiakas uusi vai vanha?
10. Miten asiakassuhde luotiin?
 - a. oliko asiakassuhdetta jo ennen projektia?

Markkinointiprosessi

11. Tehtiinkö etukäteen markkina-analyysiä?
12. Oliko kaupan takana strategisia tavoitteita?
 - a. oliko olemassa asiakasstrategia?
13. Minkälainen oli arvolutaus asiakkaalle/asiakkaille?
 - a. mitä lisäarvoa asiakas sai?
 - i. tuotteeseen liittyen
 - ii. toimituksen tehokkuuteen liittyen
 - iii. tukipalvelujen muodossa
 - iv. mahdollisuus tiettyjen resurssien käyttöön
 - v. innovaatiot (lyhyen ja pitkän aikavälin)
 - vi. toimittajan ja asiakkaan välinen suhde
 - vii. huolto-/elinkaaripalveluja
14. Markkinointi-mix:
 - a. minkälainen tuote/tuotteet oli/olivat?
 - b. minkälaista hintastrategiaa käytettiin?
 - c. tiedätkö oliko asiakas törmännyt Yrityksen markkinointiin aiemmin?
15. Tehtiinkö sisäistä markkinointia?

16. Oliko verkosto mukana markkinoinnissa?

17. Seurattiinko markkinoinnin tehokkuutta mitenkään?

Markkinointi projektin eri vaiheissa

18. Skannattiinko markkinoita jotta projekti löytyisi vai oltiinko proaktiivisesti luomassa projektia?

19. Mitä tapahtui ennen tarjousta?

20. Mitä tapahtui tarjousvaiheessa?

21. Projektin aikainen ja sen jälkeinen markkinointi?

a. ylläpidettiinkö ja vahvistettiin asiakassuhdetta projektin aikana?

Appendix 3

LIST OF INTERVIEWEES AT CASE COMPANY:

STAGE 1 (Customer types and segments)

Title of the interviewee	Interview date
Engineering Manager, Mechanical dep.	7.4.2009.
Sales Director, Offshore.	7.4.2009.
Project Manager.	20.4.2009.
Sales Manager, Marine & Ships.	6.4.2009.
Director, QA & Planning.	3.4.2009.
Manager, R&D Services.	17.4.2009.
Director, Marketing and Sales.	3.4.2009.
Managing Director.	27.3.2009.
Lead Engineer, Hull dep.	24.4.2009.
Director, Development Services.	31.3.2009.
Director, Engineering.	8.4.2009.
Director, Concept Development & RDS.	6.4.2009.
Engineering Manager, Hull dep.	17.4.2009.
Sales Director, Marine & Ships.	7.4.2009.

STAGE 2 (Projects)

Project	Title of the interviewee	Interview date
Project Gamma.	Sales Director, Offshore.	29.4.2009.
Project Beta.	Project Manager.	20.4.2009.
Project Alpha.	Manager, R&D Services.	17.4.2009.
Project Delta.	Director, Marketing and Sales.	21.4.2009.
Project Delta.	Manager, Concept Development.	18.5.2009.

Appendix 4

A table summarizing the findings from the cases for the project phases.

	Independent of any project	Pre tender	Tender preparation	Project completion	After the project
Project Alpha	Strategic decisions on how to proceed with the product but not any directed campaigns or conferences. Some planning into what clients would benefit from the product most. No planned approach to all of these.	Old contacts with the seller of the ship were valuable during this stage. Also work done previously on the same ship.	Personal meetings. Specialists discussing with the customer.	The project consisted of four stages. Each stage sold the next stage. Actually the people doing the previous stages were the ones selling the continuation.	The completed project resulted in additional work for the company as some of the recommended modifications were designed. It seems, however, that the contact with the owner has seized.
Project Beta	Clear strategic will to move into this business. Possible customers evaluated.	Continuous contact and longstanding relationship with customer. Market situation (no available experienced shipyards) provided opportunity.	High level meetings on a personal level between the companies. Using of contacts to brokers etc.	The project is merely finished. Persons from company present at shipyard for longer time periods.	Discussions on the financial aspects etc.
Project Gamma	Due to strategic decisions interesting actors in the field were determined. Some "fishing" was done among those actors. Several actors visited.	New customer. Earlier project lost.	Personal meetings. Visits to the case company office. Convincing the customer of ability to complete the project. PM involved early in the sales phase.	Continuous marketing during the project. Bonding between the case company and customer representatives.	Some interactions after the project.
Project Delta	The case company screened potential interesting customers. Chance meeting through own network and marketing efforts.	Chance meeting through own network and marketing efforts.	The case company was called to present their solution and to participate in the bidding. The case company's supplier network participated.	Required some input on many levels of the organization as well as the supplier network during the project.	Partner agreement signed with one of the customers. Continued contacts.

Appendix 5

A table summarizing the case specific information about the company level marketing process.

	Situation analysis	Marketing strategy	Marketing decisions	Implementation & control
Project Alpha	All ship owners are trying to save money and energy in the current market situation. This is seen as an opportunity.	The strategy aims at offering more added value design work which cannot be offered by cheap competition in the far east. The product works as a door opener for these kinds of products.	There has not been clear marketing decisions as how to pursue the marketing of this product. Occasionally mentioned by sales personnel.	There is internal follow-up on how well the product sells.
Project Beta	Creating and offering bulk design is not anymore financially viable in Europe. In order to create added value the offering needs to be something more.	The case company could offer added value through innovative and better designs. Also a next step where the realization of the project is assisted in a developing building site would create marked added value for the customer.	No clear plan on how this particular product could be marketed. The service publicized widely as it is the core or the company presentation and the general brochure. The first project used as a reference.	Only one sold. Without a plan it is hard to follow up what efforts result in what outcomes.
Project Gamma	While the traditional ship design seems to move to low cost countries, the offshore design seems to be so demanding that it can still be made cost effectively in western countries. For FPSOs the design of the ship part is similar to other ship design.	The existing know how in ship design is offered to a new market, namely offshore. Some of the know how can be used to improve current offshore design processes.	Starting through subsupplying to companies in own network. Participation in offshore conferences and exhibitions. Promotion in trade journals is used as well.	Offshore and traditional sales and used hours are mostly followed up separately but so far not separate budgets.
Project Delta	Current projects often end up being multi-customer projects even if there is no contracting involved. All parties in projects bring revenues. New safety rules bring new opportunities	The case company needs to convince the customers that their involvement in the project through different parties brings added value to all. New safety rules require the kind of know-how that the case company has.	Plans, material and conference presentations to market new safety concepts. In practice not always offered. Marketing directed at owners rather than local shipyards.	No follow-up on how new safety-based products sell.

